

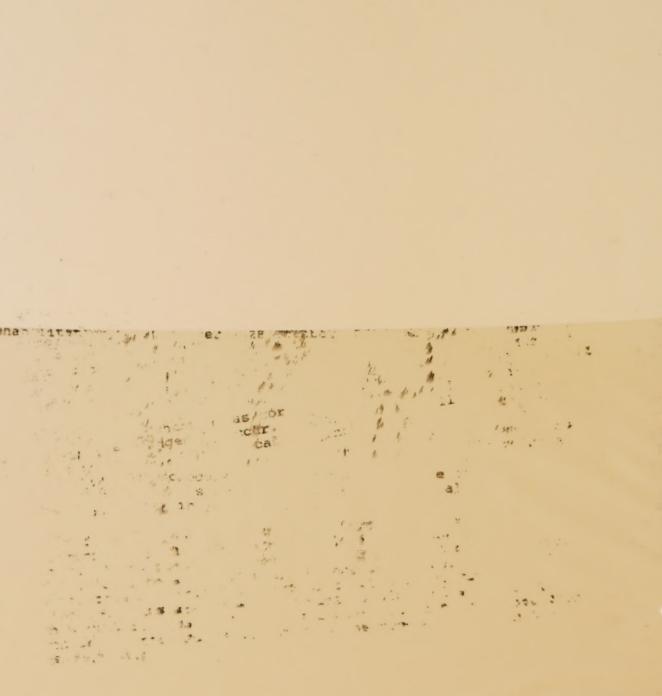
The Successful Landlord



Ministry Housing Ontario John Sweeney, Minister



VOntario





Dear Participant:

Welcome! You are on your way to becoming a more successful landlord! TVOntario, in cooperation with the Ontario Ministry of Housing, has designed The Successful Landlord series to help current and prospective small-scale landlords develop the skills they need to function, and survive, in the rental housing This integrated five-part series and manual will teach you how to put thought, energy, and money into turning your rental property into a successful business venture.

This package contains:

- o program descriptions and broadcast schedule
- o The Successful Landlord manual

If any of these items is missing, please contact the TVOntario course consultant. In Toronto, call (416) 484-2614. If you are calling from elsewhere in Ontario, use our toll-free number 1-800-387-8411. You can call Monday through Friday between 9:00 a.m. and 5:00 p.m. or leave a message on our answering machine at other times.

Print materials

The enclosed print materials have been designed to provide you with background information on all aspects of running rental income properties, and are more detailed than the television programs. The Successful Landlord manual offers 200 pages of practical, detailed information on the day-to-day business of being a landlord. You will find working charts to help you with cash flow projections, rental unit records, exterior and interior maintenance reports, renovation contracts, leases, and other important hands-on tools. An extensive resource list explains where you can go for help, advice, and financing. In essence, the manual and series will teach you how to run a small business - which is exactly what being a landlord is all about.

The television programs

The five 30-minute programs that form the television component of The Successful Landlord guide the viewer through the steps involved in making a rental property more efficient, more profitable, and easier to run. And since more than 60 percent of Ontario's 1.1 million rental housing units are low-rise rental housing units, this is a worthwhile goal! If you need clarification or elaboration on any of the issues explored in the programs, your manual should help.
A Leader in Educational Telecommunications

The programs are hosted by David Stringer, and feature Glen Sifton, a property management expert. A lawyer, an accountant, a contractor, a landlord, a tenant, and a rent review consultant are also interviewed, all of whom will help you to make the most of your investment. The programs cover:

- accounting and bookkeeping

- legislation on rent review and related matters
- structuring and financing your acquisition
 renovating and rehabilitating your building
- keeping the landlord-tenant relationship trouble-free
- choosing the best tradespeople for your building
- conserving energy and costscomprehensive record keeping
- and much more!

We hope you will enjoy the series, and will take advantage of this unique and comprehensive learning experience.

May you find success as a landlord!

Sincerely,

Nina Sinopoli Course Consultant, Home Studies

THE SUCCESSFUL LANDLORD

PROGRAM DESCRIPTIONS

Program 1 Getting into Real Estate

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Small landlords need thought, energy and money to make a rental building successful. Discover the often-overlooked essentials of setting up shop as a landlord.

Program 2 Record Keeping, Acquisitions, and Financing

Your building is more likely to show a profit if you have realistic financing, a sound operation plan, and accurate records. This program shows you how to organize the administrative side of your business - and explains where to go if you need help.

Program 3 Good Property Management

Maintain your building well and it will pay dividends for years. Find out how to deal with minor repairs before they become major problems - for you and your tenants. Learn how to develop a regular maintenance plan, how to hire tradespeople, and how to manage things yourself or find a competent manager to do it for you.

Program 4 Landlords and the Law

As the owner of a rental building, you must regulate your business according to several different municipal and provincial laws, including rent control legislation. Discover the legal obligations you have as a landlord in Ontario.

Program 5 Renovations and Rehabilitation

Your building is your major asset. Learn how renovations can make it more cost-effective, more attractive, and easier to rent. Discover your legal obligations to the tenant, as well as how to obtain building permits, work with contractors, and master the inspection process.

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THE SUCCESSFUL LANDLORD

BROADCAST SCHEDULE FALL 1989

		Friday 29 September 7:00 - 7:30 a.m.	Saturday 30 September 2:00 - 2:30 p.m.	Friday 1 December 4:30 - 5:00 p.m
1.	Getting into Real Estate	29 September	30 September	1 December
2.	Record Keeping, Acquisitions, and Financing	6 October	7 October	8 December
3.	Good Property Management	13 October	14 October	15 December
4.	Landlords and the Law	20 October	21 October 2	22 December
5.	Renovations and Rehabilitation	27 October	28 October	29 December

PRIEASE NOTE: While the schedule was correct at the time of printing, last-minute changes do occur. Please confirm all broadcast dates and times in your local listings guide.

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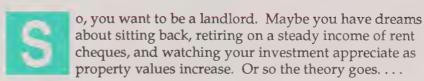
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Introduction



This is a guide for landlords or would-be landlords of small buildings who realize that they may need to put more thought, energy and money into making their rental properties successful.

Like any other small business, being a landlord requires attention, planning and work. With care and commitment, the building will stay healthy, the landlord will stay solvent, and the tenants will stay on. Without professional attention to the details of the business, the end-result may be a run-down building, a bank foreclosure on the property, and angry disputes with tenants.

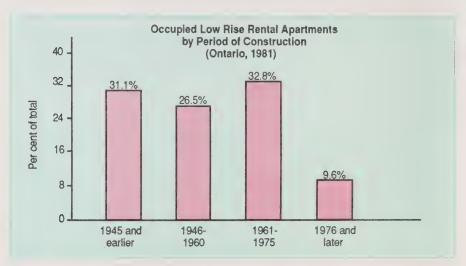
Being a small landlord is not a quick route to becoming a millionaire. But it does make a gratifying and steady profit for thousands of people across Ontario. Real estate represents a secure place to invest your money. Particularly in today's climate of acute rental shortages in Ontario, being a landlord can mean the satisfaction derived from providing a much-needed service.

Commercial and condominium buildings are fast crowding out the smaller rental apartment buildings. But it is the smaller buildings which offer reasonable rental housing to the people who need it most.

Small rental buildings can be defined as properties with five or fewer storeys, whether multiple-unit buildings, duplexes, single-family homes, or even the landlord's own home with a rental apartment in the basement.

The people who own low-rise buildings are most often sole owners or husband-and-wife owners of one or two buildings, managing the property with little or no outside help.

The maintenance part of managing the property is not always an easy task. The average low-rise building in Ontario is over 25 years old. And at that age, tender loving care is needed to maintain the value of the property and provide a safe and comfortable environment for tenants. To lose these buildings through rapid deterioration would be disastrous to the people of this province. Given today's construction costs, the buildings would be replaced not by more reasonably priced rental accommodation, but by big, expensive towers, and the rental crisis would become even more acute.



But you are not in the landlord business to save Ontario's renters. At this stage, it is important to ask yourself why you are considering the business.

The pleasures of owning your own business are clear — the opportunity to make and keep profits from your own labour, the independence of being your own boss, the challenge of making important decisions, the freedom to choose your own hours, the satisfaction of providing a good service to your customers.

The disadvantages are just as clear, although not written in the same shining letters: the risk of financial failure, the loneliness of sole responsibility, the long hours — and the effect of each of those financial and emotional pressures on your family and friends.

Perhaps you want to be a landlord partly because you like dealing with people. The landlord business is certainly a people-oriented business. Your tenants are your customers and you will probably be in frequent contact with one or the other of them. Sometimes the contact will seem too frequent. Unless you hire a superintendent to manage your building, you may be phoned or visited by tenants with problems just as you are returning home from a hard day at your other job, or resting up with a bout of the flu, or carving the turkey at a family celebration. Many weekends may have to be spent working on routine maintenance of the building.

Running your own business takes a lot of effort, and being a landlord is no exception. It is important for you to understand the commitment involved from the start, in order to decide whether the business of being a landlord is the business for you.

This guide will start landlords and prospective landlords at the beginning — the essential tasks of planning and record-keeping. We explain why they're necessary and how to simplify them. Borrowing money and buying a rental building or renovating the one you already own is a major step for any landlord. Ontario's Rent Review system affects landlords at every step but is not always the roadblock it seems; a chapter is devoted to the subject. Maintaining the building is one of the landlord's most important, expensive, and time-consuming tasks. Renovation is for landlords who want to improve both their property and their income. Energy costs are a hefty item on the landlords' expense sheet, but it is easy to lower those costs with sensible conservation measures. And perhaps most important of all is the relationship between you and your tenants — getting them into the building, knowing your rights, respecting theirs, keeping peace in the home, and getting them out when the end comes.

To help you with these tasks, the guide contains a variety of forms, checklists and charts. Many of these are included at the end of the manual for you to photocopy and use.

Whether you are drawing up a budget, saving energy, appealing to the Rent Review Board, or evicting a bad tenant, there is a right way and a wrong way to manage an income property. We present the right way. Ladies and Gentlemen...



Planning and Record-keeping

riting down business plans and details on paper puts you far ahead of any dreamer with glorious fantasies of success. Planning allows you to decide where you want to go, and draw up a map of how to get there. Keeping records once you've started helps you judge the route already taken and make better decisions about the road to choose in the future.

The business of being a landlord can lead to frustration, sleepless nights, complaining consumers, and even bankruptcy. To succeed, like any other business, it needs research and preparation.

You wouldn't go into any other business without checking your bank account, analyzing your cash flow, understanding your market, and knowing the rules and regulations affecting your operations. And you can't go into the small landlord business without doing that kind of planning either. Being a landlord is a business. The only difference is that instead of managing a company, you are managing a property.

There are a surprising number of people who have bought income property without thinking through finances and operating costs, as well as the demands of day-to-day management of tenants, the building, and the tax department.

If you have never run a business before, draw up your plan in the company of an experienced and knowledgeable friend or an accountant. There are associations for small businesses which are willing and qualified to advise you right from the beginning. There are also excellent guides on financial planning for a small business available from bookstores, the library, and the government. (Some of them are listed at the end of this chapter.)

Planning forces you to set goals and objectives, and to determine a strategy for reaching those goals. Of course, planning has to allow for flexibility, because many factors — interest rates, for example — are changeable. You have to be prepared to revise your plan regularly, but still have a constant goal so that you can measure how well you're doing and what may be going wrong. Then the plan can be altered to reflect new economic realities.

The objective obviously is to make a profit. You're investing time, money and effort into this venture, so it has to make money for you. Otherwise you could just put your money in the bank, collect interest, and save yourself the work.

Orawing Up a
Business Plan

A business plan will help you establish detailed goals and definite time limits in which to reach them, and provide potential investors with solid information on which to base their decisions. It is a report on the property involved, your plans for the property, your access to funds, your personal experience and skills, and the amount of money you need. It describes the past history of the building, its current state, and its future income potential, projected by you into the next 3 years or more.

A) Personal Finances

Start by putting down on paper your own personal financial situation. What will your income and expenses be for the next year? Five years? What capital do you have to put into your rental property as equity? What do you have to offer as security to a lender — RRSP's, life insurance, a summer cottage, a new car? What savings or resources do you have for emergencies in your personal life or business? Who could you turn to for financial assistance — a relative, friend, business contact?

B) Current Finances of Your Rental Property

Next come the current financial statements of your business as a small landlord, if the business is already established. If you are buying an established rental property, it should be a condition of your purchase agreement that you have access to the previous owner's financial records and year-end statements (preferably these should be audited).

The two main elements are an income and expense statement and a balance sheet. These are drawn up each year to show how well the business performed and what it is worth.

Income and Expense Statement

An income and expense statement is a list of the total amount earned (income) and the total costs (expenses) over a certain period — a month, quarter or year. The difference between the two is your pre-tax profit (or loss). This is usually called simply an income statement, or sometimes a profit and loss statement.

INCOME AND EXPENSE STATEMENT

Len Lord's Property Management Inc. Year ended December 31, 19XX

RENTAL INCOME

000000

OPERATING EXPENSES

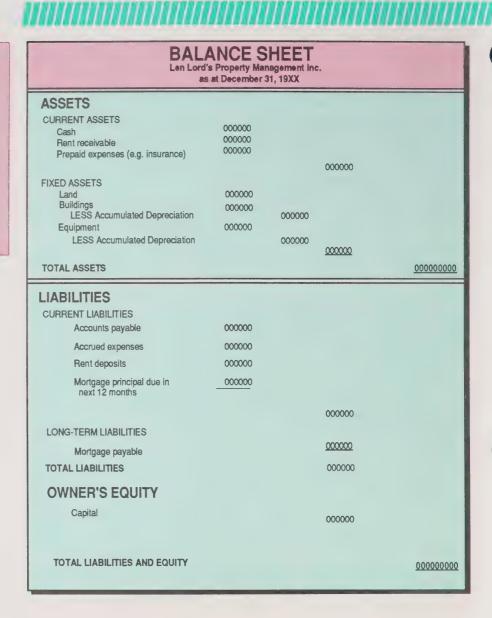
Mortgage interest 000000 Property tax 000000 Maintenance 000000 000000 Repairs Insurance 000000 Utilities 000000 Miscellaneous expenses 000000 0000000 Depreciation

Total operating expenses

NET INCOME 000000

Balance Sheet

A balance sheet shows the value of a business at a certain date; in other words, what a business owns and owes as of the date shown. It is a list of business assets and their value on one side and a list of liabilities and owner's equity on the other side. The liabilities include all that the business owes. Owner's equity means the amount the owner has invested in the business, plus retained earnings.



C) Projections

A projection or forecast is a budget for the future. It shows what you can realistically expect the business to achieve and what it will cost to achieve that result; in other words, what income you can reasonably expect and what expenses are likely to be involved. It is really an attempt to look into the future and see what your income statement should look like in one years' or two years' or even five years' time. Be realistic. The only person you will be fooling with false optimism is yourself. If anything, be a little pessimistic about expenses; if you are wrong, you will be pleasantly surprised.

Projected expenditures for next six months

OPERATING EXPENSES				Month			
(REFLECTED IN THE INCOME & EXPENSE STATEMENT),	1	2	3	4	5	6	Total
Mortgage Interest							
Loan Interest							
Utilities							
Superintendent's or Property Manager's Fees							
Maintenance Services (eg. Cleaning, Snow Removal)							
Minor Repairs and Maintenance							
Property Taxes							
Insurance							
Accounting Fees							
Interest on Rent Deposits							
Advertising							
Bank Interest and Charges							
Miscellaneous							
Total Operating Expenses							
CAPITAL EXPENDITURES (REFLECTED IN THE BALANCE SHEET)							
Major Renovations and Purchase of Equipment							
Mortgage Principal							
Loan Principal							
Total Capital Expenditures							

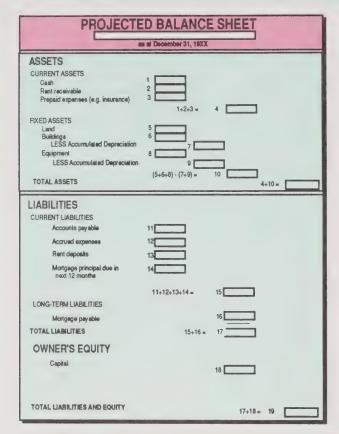
You base your projections on your existing balance sheet and income statement if you have one. Start off with the expenses — you'll have to anticipate how your costs will rise. There are several factors involved: the rate of inflation, interest rates, rising or dropping energy costs, a mild or severe winter which will affect your energy consumption, increases in property taxes, anticipated repairs to the building.

If your costs are increasing, you need to increase your income too. To raise rents above the annual legal guideline, you have to apply to Rent Review. At this stage in the planning process you should seek advice on projections for the rental income you can expect to achieve within the Rent Regulation system. Chapter 4 is devoted to the subject of Rent Review.

Once you have taken your most recent financial statements and made up your budget for the next year, two years and five years, slotting in figures for major expenditures, anticipated increases in regular expenses, and increases in income, then you can draw up projected financial statements: a projected income and expense statement and a projected balance sheet.

Your projected profit goes into the equity side of the balance sheet. If you're planning capital improvements, your assets will increase in value and this too should be shown on your balance sheet.

Blank financial statements for projections





D) Cash-flow Planning

The next step is cash-flow planning. This will tell you if there will be cash available at any time that you need to pay utility bills, meet maintenance costs, or make capital repayments on mortgages and loans. It is a chart showing when you'll be paying out money from your bank account and when you will be depositing money you have received. You want to ensure that you can meet your financial obligations throughout the next twelve-month period. In the example of a cash-flow chart below, you will see that the estimate is followed by a column for actual expenses and income, so that you can check your own accuracy in predicting cash flow. If you see that you will be short of cash at any point, you will need to arrange for a short-term loan (an "operating" loan) or an injection of your own personal cash into the business.

Once you have completed your business plan, ask one or two people whom you respect — another business person, or your accountant or lawyer — to read it and provide you with constructive criticism. They may discover flaws, raise unanswered questions, point out aspects you glossed over, or identify an additional opportunity. Getting advice at this stage can help you avoid unnecessary mistakes and take advantage of creative, experienced suggestions.

PROJECTED CASH	FLOW CHART			Mo	onths					
(3 mon			1		2		3	Year-to-date total		
		Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	
RECEIPTS: Rent rece	eived									
Contribut	ted capital									
Loans										
Miscellan	neous									
Total receipts (A)										
DISBURSEMENTS: Major Re	novations									
Purchase	of Equipment									
Mortgage	payments									
Loan repa	ayments									
Utilities										
Super./Pr	roperty Manager's Fees									
	nce Services									
Minor Re	pairs and Maintenance									
Property	taxes									
Insurance	9									
Accountin	ng Fees									
Interest o	n Rent Deposits									
Advertisin	ng									
Bank Inte	erest and Charges									
Miscellan	eous									
Total Disbursements (B)										
Opening cash balance										
Plus total receipts (A)										
ess total disbursements (B)										
Closing cash balance										

However, although it is helpful to work with professionals in preparing your financial statements, you do need to be able to understand the statements yourself. It is not necessary to become an expert, but you should have a basic knowledge of sound accounting principles.

Keeping Records

A) Financial Records

The financial records of your business will include such things as individual tenant records, bank statements, income tax statements, property tax assessments, repair bills, utility bills, ledgers and journals. You should also keep interim balance sheets and income statements. These are similar to year-end reports, except that they give the figures for a single month or quarter, preferably with the year-to-date figures shown too. They allow you to compare your actual income and expenses with your cash-flow projections and your projected income and expense statement. You may need to alter your plans periodically to match new economic realities.

Failure to keep records from the start is a problem that plagues many small businesses. Without records, there are no controls, and without controls, you cannot manage your business effectively.

Financial records are important to the landlord for four reasons:

- You have to satisfy the legal requirements for reporting income and profits for tax purposes.
- Banks and lending institutions will want to see records when a loan is requested or renewed.
- You will need accurate records for the province's Rent Review system.
- You need records for your own management purposes, so that you see potential financial problems developing before they become overwhelming. If your ship is sinking, you need to notice the water before it reaches your neck. Maybe you can turn on the sump pumps.

	This month	Year t	o date
RENTAL INCOME	0000	000	00000
OPERATING EXPENSES			
Mortgage interest	000000	000000	
Property tax	000000	000000	
Maintenance	000000	000000	
Repairs	000000	000000	
Insurance	000000	000000	
Utilities	000000	000000	
Miscellaneous expenses	000000	000000	
Depreciation	000000	000000	
Total operating expenses	000	000	0000
NET INCOME	0000	000	0000
			-

You may decide to purchase the services of an accountant to help you set up your financial record system. If you do, the money will be well spent. Your accountant can show you how to use a ledger book to keep a running total of income and expenditures. Every item you spend money on should be entered; all income should be entered. The more clearly you organize your business records, the less time your accountant will have to spend deciphering them at tax-time, and the lower the yearly accounting bill will be.

Always keep your business transactions totally separate from your personal finances. It's tempting to think that you and your company are one and the same, especially when you are putting so much time and energy into the business. But dipping into business funds when you're short of personal cash can cause serious problems. It is better to think of yourself as an employee drawing a salary which is a business expense. Of course, any clear profit which the business does not need to survive and grow is yours.

8) Administrative Records

Invest in a box file for the hundreds of pieces of paper you will collect and divide it into as many separate categories as you can think of, such as:

- Insurance Policies
- Copies of Newspaper Advertisements
- Blank Tenant Application Forms
- Blank Tenant Lease Forms
- Blank Lease Renewal Forms

For rent regulation purposes, your box file should hold a detailed record of past and current leases, notices of rent increases, proof of service of notices of rent increases, and building maintenance records.

Each rental unit requires its own file. In it, list the tenant's name, phone number at work and at home, nearest-of-kin, and references given at time of application. Note the move-in date, the lease-expiry date, the amount of rental, and whether you were given a final-month rental cheque. (You must pay interest of 6 per cent annually on this money to your tenants.) Record the date on which rental is paid each month so that you can see a pattern and know whether you should worry if the rent is a day late. Include a list of any damages noted in the unit when the tenant moved in, signed by you and the tenant. Note when the unit was last painted, appliances serviced, broadloom shampooed. Keep a record of any complaints and follow-up correspondence.

Rental unit record

Tenant's Name							
Telephone (H)	(W)						
Next-of-kin Name		Telephone		_			
Address				_			
Employer's Name		Telephone					
Address							
Reference Name	Telephone						
Address							
Bank							
Car (make & model)	Licence Plate #						
Unit Information							
No. Bedrooms	Furn/Unium	Appliances					
Vaintenance Report							
Unit painted							
Fridge serviced							
FINGE SHALER							
Stove serviced							
Stove serviced							
Stove serviced							
Stove serviced Carpet cleaned							
Stove serviced							
Stove serviced Carpet cleaned							
Stove serviced Carpet cleaned							
Stove serviced Carpet cleaned							
Stove serviced Carpet cleaned Damage report							
Stove serviced Carpet cleaned							

Property/Un	it						(F	age 2)
Rental Recor	ds							
Period	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Rent	-	-	-				-	
% increase \$ increase	-	+	-			-	-	_
9 110/10/030		+	-	-		-	-	
Rent payment		Move-in dat	9	Move-out d	ate			
Rent perio	d	Rent	Other o	harges	Payme	nt C	heque/	Balance
From	To	(\$)	Descr.	\$	Received	d (\$)	Ref. #	due (\$)
						-		
				-			-	
						-		
						-		

3. Taxes

According to the Income Tax Act and Regulations, if you derive income from tenants, you have to pay taxes on that income. However, any reasonable expenses you incur in earning rental income may be deducted. Revenue Canada may ask you to provide proof that claims for costs and expenses are legitimate. If you are unable to do this, your claim will be disallowed, and this could result in the assessment of additional tax and interest. Keep detailed records of all money collected and paid out. Purchases and operating expenses must be backed up with invoices, receipts, contracts, or other documents.

The following types of expenses can be deducted from rental income in the year in which they were paid:

- property taxes on the rental property;
- annual premiums paid for insurance on the rental property;
- maintenance and repairs which do not significantly improve the property (see below for those that do);
- advertising for tenants;
- heat, light and water, unless your tenant bears those costs;
- interest on money borrowed to purchase, maintain or improve the rental property (such as the interest on a mortgage);
- salaries paid to superintendents, property managers and other people employed in the operation of the property;
- accounting expenses (such as your accountant's fee);
- legal expenses other than those incurred for the purchase or sale of the property (such as fees paid for lease preparation or collection of overdue rents);
- commissions to rental or collection agents;
- landscaping of grounds around a building;
- office expenses;
- travel expenses if the travel was directly and solely related to rental business;
- interest paid to tenants on rental deposits held;
- condominium fees.

The following types of payments are not totally deductible in the year payment was made. They can be written off as capital cost allowances over a number of years.

- purchase price of the rental property (excluding the cost of the land, but including legal and other costs involved in the purchase);
- purchase price and replacement cost of equipment in the rented unit (such as furniture or appliances);
- significant improvements which extend the useful life of the property (including repairs which make an older building suitable for rental).

Renting Out a Portion of Your Own Home

If you rent out a part of your house, you can claim deductible expenses on a proportional basis. For example, if you live in two thirds of the house and tenants occupy the other third, you can deduct one third of the expenses which are incurred by the entire house (property taxes, utilities, insurance, mortgage interest, and general maintenance). You can also deduct all the expenses which arise from the tenants' section of the house (such as repairs and newspaper advertisements). Capital cost allowances on the purchase price of the building and other items will also be calculated on a proportional basis. However, you may also have to pay capital gains tax on the proportion of the house that is rented when you sell the property. Check with your accountant for the current regulations.

Deferring taxes

When you reach the enviable position of deriving a sizable income from your rental property, you will need to consult with your accountant on ways to save on income tax. Deferral of taxes through a Registered Retirement Saving Plan is one method worth considering. Another sound idea is to pay off your home mortgage. Remember that if you are in the marginal tax rate of 40 per cent and are paying a mortgage rate of 12 per cent, you are probably actually paying 20 per cent on that mortgage, because you are paying with after-tax dollars. Paying off your mortgage at the earliest possible time will eliminate what is usually the biggest single after-tax cost for an individual the mortgage on a personal residence. However, check with your accountant. You are allowed to write off the mortgage interest on your rental unit as an expense. And mortgage costs will be an important factor if you apply to the Rent Review system to permit you to raise your rentals. So it may not be advantageous to pay off the entire mortgage of a rental property. Check with your Rent Review consultant on this point.

Tax Payment Schedule

If you own the building personally or with a partner, you must send Revenue Canada a quarter of the taxes you owe four times a year, paying the tax as you earn the income. If you form a company (see a description of the advantages and disadvantages of incorporating in the next chapter), you must pay taxes on a monthly or bi-monthly basis. Consult your accountant or call or write to your District Taxation Office for more details.

4. Hiring Professional Help

You may decide to do the routine bookkeeping yourself, only turning to your accountant for the year-end financial statements, or you may hire someone to do your bookkeeping. In Chapter 3 there is a section on hiring a professional property manager who will keep your books as well as performing many other jobs for you. Professional property managers will collect rents, pay bills, arrange insurance, and keep your records, all for a fee plus costs. It is up to you to decide whether you are prepared to pay to have those financial tasks taken off your hands.

Resources

Starting a Small Business in Ontario, published by the Ontario Ministry of Industry, Trade and Technology

Small Business is Good Business, published by the Canadian Federation of Independent Business

Minding Your Own Business, a series published by the Federal Business Development Bank

How to Prepare a Business Plan, published by the Ontario Ministry of Industry, Trade and Technology

Start Your Own Business, a television-based learning series by TVOntario

Rental Income, a pamphlet offered by Revenue Canada

Establishing a Small Business, published by the Department of Regional Industrial Expansion, Minister of State (Small Businesses and Tourism)

Ontario Ministry of Industry, Trade and Technology, with 18 offices across Ontario, offers counselling services and assistance programs. The Small-Business Hotline, toll-free number: 1-800-387-6142

The Business Information Centre, Federal Business Development Bank, offers counselling and information. 204 Richmond Street West, Toronto, Ontario M5V 1V6, (416) 973-0062

ABRASSIAD HAKDUKATAKAT

Ontario Ministry of Housing Regional Programs offices:

Ontario Ministry of Housing Hamilton (Southern Office) 55 Hess St. South Hamilton, Ontario L8P 4R8

(416) 521-7500

If you are calling long-distance, dial toll-free 1-800-263-8295

Ontario Ministry of Housing London (Southwestern Office) 380 Wellington St., Suite 1100 London, Ontario N6A 5B5

(519) 679-7110

If you are calling long-distance, dial toll-free 1-800-265-4733

Ontario Ministry of Housing Ottawa (Eastern Office) 1150 Morrison Drive, 2nd Floor Ottawa, Ontario K2H 8S9

(613) 820-8305

If you are calling long-distance, dial toll-free 1-800-267-6108

Ontario Ministry of Housing Sudbury (Northern Office) 1191 Lansing Avenue Sudbury, Ontario P3A 4C4

(705) 560-6350

If you are calling long-distance, dial toll-free 1-800-461-1190

Ontario Ministry of Housing Thunder Bay (Northwestern Office) 540 Arthur St. West Thunder Bay, Ontario P7E 5R7

(807) 475-1465

If you are calling long-distance, dial toll-free 1-800-465-5015

Ontario Ministry of Housing Toronto (Central Office) 4950 Yonge Street, 4th Floor Toronto, Ontario M2N 6K1

(416) 225-1211

If you are calling long distance, ask the operator for Zenith 20450

Buying and Borrowing

his chapter is directed at prospective landlords as well as landlords already operating who need to borrow money to finance renovations or an expansion. Obviously, those considering the purchase of a building will have different needs from those who already own a building and want to improve it. But both of them will need money.

For the prospective purchaser, the primary focus will be to convince a lender of the building's investment potential. The focus for the person needing money for renovations will be to show a lender how improvements will add to the building's income potential, short-term and long-term, and improve cash flow.

Anyone purchasing a building for rental purposes has to research the purchase as carefully as a business person would research an existing business before taking it over. The building is your business, just as the tenants will be your customers. Check its background, take a hard look at its present, and be cautious about its future.

Buying a Property

The first step is to know what you are purchasing — to look at the books to determine whether the building is a wise investment. You have to balance the cost of the property plus necessary repairs against the potential rental income.

A clear title — no liens on the property — is essential. You can do a search of the title at the registry office yourself or your lawyer can do this as part of closing the deal.

It is also essential to check before buying a rental property that the rents current tenants are being charged are legal according to the rent review system. (See Chapter 4 on "Rent Review".)

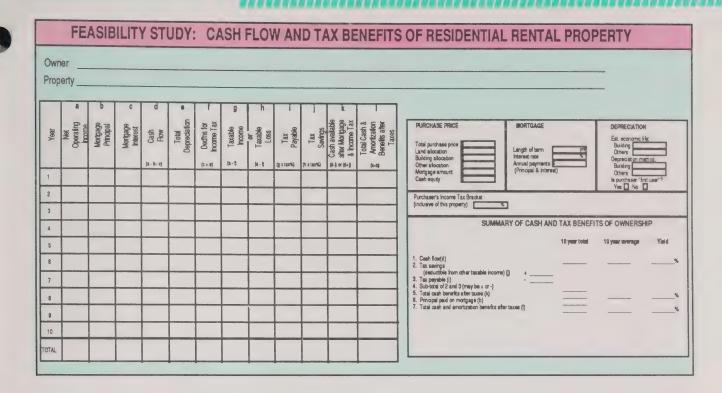
For example, if you buy a property with several units each renting for \$500 per month, you will draw up a business plan expecting \$500 per unit this year, plus the rent regulation guideline increase for next year. But if the rents were raised illegally several years ago, one of your tenants could apply to the Ministry of Housing for a rent rebate and a roll-back of the current rent. If the application is successful, you will have to rebate money to your tenants and rents will be rolled back, even a couple of years, which means that \$500 a month could become \$400 a month, and the increase you were counting on would actually be a 20 per cent decrease.

To check the legality of the building's rents you can hire a professional with experience in the Rent Review system. (Even a real estate specialist may not know much about Rent Review.) Landlord organizations can help you find a Rent Review consultant or a lawyer with relevant experience. You can also call the Rent Registry or your local Rent Review office to find out about the history of the building. (For more information on Rent Review, see Chapter 4).

Make it a condition of your offer-to-purchase that you be allowed to see the previous owner's financial books, if the building is already being run as a rental property. Have your accountant go over the books with you to see if the income and expenses make the building a feasible proposition. You may want to do a feasibility study using the form shown opposite.

If the building has not been a rental property in the past, it is important to check that zoning by-laws will not stop you from converting all or part of your property into rental accommodation. You can confirm this with the planning department of your local municipality. It is possible to get properties re-zoned, but the process can be long and you will not be earning rent from the building in the meantime. Even if the property you are considering purchasing has been used as a rental property for some time, the use could be illegal if the property is not zoned for rentals. So zoning by-laws should be carefully checked before any purchase.

You have three choices: to put the property into your own name, to take on a partner, or to incorporate the property, which means to form a company that officially owns and manages it. Most people are familiar with the first two styles of business. Incorporation is more complex.



2. Legal Structure

Incorporation is the best way of limiting your personal liability. That means that if you went bankrupt, you would lose your capital investment, but you would not lose your own home or personal savings in order to pay the bank back for mortgage money, or to pay your tenants if they sued you. This is probably the best option in a high-risk investment.

However, a district court judge has recently ruled that as a corporation you are not allowed to evict a tenant to live in the building. So if you are planning to move into one of the units when you retire, incorporation is not advisable, unless you're willing to wait for a unit to become vacant.

Consult your lawyer or accountant and read the summary below to decide whether sole ownership, partnership, or incorporation suits your needs best.

Comparison of ownership types

	Advantages	Disadvantages
Sole Proprietorship	Ease and low cost of formation Greatest freedom from regulation Owner in direct control Tax advantage All profits to owner	Unlimited liability Difficult to raise capital Solely responsible for all work involved
Partnership	Ease and low cost of formation Additional sources of capital Possible tax advantage Limited outside regulation Shared management responsibilities	Unlimited liability Divided authority Difficulty in raising additional capital Hard to find suitable partners Personality conflicts
Corporation	Limited liability Easier to raise capital Possible tax advantage	Closely regulated High cost of formation Extensive record-keeping necessary Federal and provincial taxation

A) Sole Proprietorship

This form of company is the easiest to set up. A sole proprietorship is not required to be registered if the business is carried on under the owner's name. If the business uses a name other than the owner's or adds "and Company" or other words, a declaration must be filed within 60 days with the Partnerships Registry, Companies Branch, of the Ministry of Consumer and Commercial Relations. (The address and telephone number are given at the end of this chapter.)

This can be done in person or you can send for an application form and return your registration in the mail. The registration of the name does not in itself mean that you have exclusive use of that name in Ontario. The ministry has no obligation to avoid name duplication or to advise anyone registering a name that it has been previously registered. You are responsible for checking that the name is not already in use. Upon request and for a small fee, the ministry will check its files and provide the addresses for any other companies that carry that name.

All that you need to file at tax time is your usual personal income tax return, enclosing a copy of the financial statements of your company.

The disadvantage of this kind of business is that if it fails, your bank and suppliers can come after your personal assets as payment of outstanding bills or repayment of loans.

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Partnerships must be registered under the Partnerships Registration Act by filing a declaration within 60 days with the Partnerships Registry, Companies Branch, of the Ministry of Consumer and Commercial Relations. (The address and telephone number are given at the end of this chapter.)

All partners must sign the registration form. In a limited partnership, partners are liable only to the extent of the capital they have contributed. A limited partner becomes a general partner if he or she takes part in the management of the partnership. For details, refer to the Limited Partnership Act, available at the Ontario Government Bookstore.

Incorporating is usually done for business on a larger scale. It is more expensive and more complicated than the other two systems. Typically, incorporation can cost between \$500 and \$1,000, including legal fees.

Incorporation is the best way of limiting your personal liability. That means that if you went bankrupt, you would lose your capital investment, but you might not lose your own home or personal savings. However, incorporating is ineffective as risk protection if you personally guarantee your loans, which your lender may insist that you do.

You must file both provincial and federal corporate income tax returns and other reports on your business required by both levels of government. As sole shareholder in a corporation, you may be able to save money by deferring taxes, particularly in the first couple of years. A lawyer or accountant will be able to advise you on this possible advantage.

A corporation must have a board of directors, but you are allowed to appoint yourself to all the different positions on your own board. There are regulations governing the way that corporations are run, and an official minute book must be kept with records of shareholders' meetings and other details about the corporation. Your lawyer can advise you about these matters.

Persons wishing to incorporate a business must file with the Examination and Notice Section, Companies Branch, of the Ministry of Consumer and Commercial Relations. (The address and telephone number are given at the end of this chapter.)

Borrowing ■ Money

There are really only two kinds of financing available to you to start and operate your own business: your money, called equity, or someone else's money, called a loan.

Loans can be borrowed from friends, relatives, investors, and such institutions as banks, trust companies, credit unions, venture capital loan companies, or the Federal Business Development Bank.

Equity is the investment that you make in your business, usually in the form of cash. The cash may come from your bank account, or from bonds or investment certificates that you convert into cash. You must be prepared to accept that it is your equity that will be lost first, if the business fails. The amount of equity which you are able or willing to put into your business will often determine how much money you will be able to borrow. After all, if you are not prepared to accept a degree of risk, why should the lender?

However, if you are willing to share future profits, you may be able to find a partner willing to contribute equity, thus expanding your purchase capabilities and the potential scale of your investment. Your partner will then also share in the risk of loss.

When you go to see your prospective lender, you need to know exactly what you are proposing — what the funds are for, how much money you'll need to borrow, whether you want a mortgage, a longterm or short-term loan, or a line or credit, and what size of monthly payments you can meet.

Mortgages

If you are granted a loan and that loan is in the form of a mortgage, the property itself becomes the security. Even if you already have a mortgage on the property, you can get more financing in the form of a second mortgage. Whether it is a first or second mortgage, your income from the property must at least cover your costs. In other words, the sum of the rent from all the units must be more than the sum of your principal and interest payments, utilities, taxes, and any other operating costs, with a margin for contingencies.

If the property is a single-family house, make it clear to the lender that part or all of the building will become a rental unit. You need to know from the start whether this fact will affect the mortgage rate.

Generally a bank will lend you up to 70 or 75 per cent of the value of the property. You have to come up with the remaining 25 or 30 per cent — the down payment. You may be able to raise some of this through a second mortgage or another type of loan. It is also possible to get an insured mortgage, which means a mortgage insured by Canada Mortgage and Housing Corporation, or a private mortgage insurance company. In return for a premium — around 2 to 3 per cent of the loan — your mortgage can be as much as 85 per cent of the value of the property. In any case, a minimum of 10 per cent of the down payment must be cash, not borrowed.

Appropriate Types of Loans:

Purchase and

mortgage

renovation: Renovation:

mortgage or

long-term loan

Purchase of equipment:

long-term loan short-term loan

Repairs: Cash-flow

line of credit

problems: Bridge

financing:

line of credit or short-term loan Amortization Table: Factors for \$1,000 at the rate and amortization indicated. (e.g., for a \$100,000 mortgage at a rate of 10%, amortized over 25 years: \$100,000 x 8.945 ÷ 1,000 =

\$895 per month)

5 yrs 10 yrs 15 yrs 20 yrs 25 yrs 30 yrs 9.0 20.679 12.579 10.045 8.892 8.280 7.928 9.5 20.913 12.840 10.332 9.202 8.610 8.276 10.0 21.148 13.103 10.623 9.517 8.945 8.627 10.5 21.384 13.369 10.916 9.835 9.283 8.981 11.0 21.621 13.637 11.213 10.156 9.625 9.339 11.5 21.859 13.908 11.513 10.481 9.971 9.700 12.0 22.098 14.180 11.816 10.810 10.319 10.064 12.5 22.339 14.455 12.122 11.141 10.670 10.430 13.0 22.580 14.732 12.430 11.475 11.024 10.798 13.5 22.822 15.011 12.742 11.812 11.380 11.168 14.0 23.066 15.292 13.055 12.152 11.739 11.539 14.5 23.310 15.575 13.372 12.494 12.099 11.912 15.0 23.556 15.860 13.690 12.838 12.461 12.287 15.5 23.801 16.146 14.011 13.184 12.825 12.662 16.0 24.049 16.436 14.334 13.532 13.191 13.038 It may be to your advantage to borrow 85 per cent — the maximum level of financing recognized for Rent Review purposes. High financing costs may be considered as grounds for rent increases.

When you are choosing a mortgage, there are several factors to consider:

Interest Rates

While a one-year mortgage normally has a lower interest rate than a three-year or five-year mortgage, the longer-term mortgages offer more stability. You are not taking the risk that interest rates will rise rapidly, affecting your financial plan when you have to take out a mortgage at a higher rate the following year.

Size of Payments

You have to decide whether you are going to pay the maximum principal plus interest you can afford each month, in order to pay off the loan more quickly, or whether you need to keep some cash in reserve for future improvements or emergencies. You can calculate your monthly payments using the chart shown.

Paying off the loan quickly is not always advisable: see the next point.

Prepayment of Principal

You can save a lot of money by paying off the loan as early as possible, if you have the cash available. However, there are implications for the rent review system if you pay off the mortgage early. Where a landlord has received permission to raise rents above the official guidelines because of an increase in the interest rate on the mortgage, and then the mortgage is paid off completely or the interest rate is reduced, tenants can apply to have their rent increases reduced. (See Chapter 4 on "Rent Review".)

Amortization Period

The amortization period is the length of time it will take you to pay off the mortgage at a certain rate. The standard period is 20 to 25 years for first mortgages, and 5 to 10 years for second mortgages. If you prefer to have lower monthly payments, you may choose the longest amortization period permitted by the lender. If your cash flow situation is good, you can make higher monthly payments and pay off the mortgage in less time. But regardless of the actual amortization period, Rent Review will base your costs on a 25-year amortization period. This will probably mean that you will not benefit from paying off your mortgage early.

ii. Bridge Financing

Bridge financing is a loan usually granted bit-by-bit over a period of time and usually at an unfavourable rate. It is frequently used to cover renovation costs as they come due during construction. As soon as the renovation is complete, a first or second mortgage or long-term loan can be taken out at a better rate (based on the new higher value of the building) to pay back the bridge financing.

iii. Line of Credit

A line of credit is an agreement by the bank that you can spend more money than you actually have in your account, up to a set limit. This debt is automatically repaid as soon as income is deposited into your bank account. It is a great convenience at times when your cash flow is slow, but should not be abused.

The lender is looking for three things in order to decide whether you are a good credit risk:

- the size of the financial commitment that you personally are making in this property.
- the security (collateral) you can offer, which usually means the
 market value of the property itself. If you default on payments,
 the lender will be able to take over the property and sell it to get
 back the money it lent. But that doesn't happen often and the
 lender wouldn't agree to put down the money if that seemed a
 strong possibility. The lender will also look at other security you
 may have—a separate home which you own and live in, life insurance policies, marketable securities.
- whether you are a good manager, partly shown by the accuracy and comprehensiveness of the business plan you produce.

Don't be surprised if the bank asks for a substantial guarantee against the loan it is making. The bank is risking losing money in a business in which making money is the name of the game, and you will be asked to put everything on the line in order to lessen the bank's risk.

But always remember that you are the customer, and that you are paying for a service. You are entitled to say the terms are not acceptable, and you are entitled to bargain or negotiate, after shopping around at various institutions for the best rate. Your success will probably depend on the specific borrowing climate at the time.

In Chapter 2, drawing up a business plan was discussed in detail. Now that you have those figures organized and available, you are able to present them in a formal plan to a bank or other lender. Banks are generally unwilling to spend time processing incomplete loan applications. The chances of your application being read and favourably received are vastly increased if you use a standard style and format. A bundle of handwritten notes won't impress anyone. This is a business plan, not a scrapbook.

The application should be comprehensive but not complicated, so that people who know nothing about your proposal can follow your planning logic. Organize your material as clearly as possible, avoiding the use of jargon. Type with double spacing and add adequate margins for making notes. It will help your reader too if you use headings and sub-headings generously throughout the document.

is Looking For

C) Preparing a Loan Application For a Prospective Lender

Contents of a Loan Application

- i. a summary of your purchase and rental plans
- ii. a background description of the building and local market conditions
- iii. cost of building and/or renovations
- iv. an outline of how the business will be managed day-today
- v. a financial plan, complete with a balance sheet, income and expense statement, and projections.
- vi. list of rents, actual and projected
- vii. your personal finances
- viii. details of cash currently available, plus your other sources of income, such as a regular job, and possible financing available from elsewhere
- ix. your personal background and experience
- x. amount of financing needed.

Begin with a title page that gives your name or the name of your company, the building's location, the date, and the period that the plan covers. Follow it with a detailed table of contents.

i. Summary of your purchase and rental plans

This is where you express your objectives in terms of rental units and dollars over the following 12, 24, and 36 months. In addition, explain your long-term goals — expansion, renovation, additional units, Rent Review strategy. The lender will want to know who is involved in the investment — a sole owner, a husband-and-wife team, a limited partnership, or a corporation. (See the beginning of this chapter for more detail on the relative advantages.)

ii. Background of the building and local market conditions

Describe the building (size, structure, age, number of rental units) and state whether it has been used as a rental building before and if any of the tenants are still resident. The location is also important; if possible, include an assessment of the demand for rental accommodation in the neighbourhood.

Useful statistics on average rents and vacancy rates for most market areas can be obtained from your local Canada Mortgage and Housing Corporation Market Analyst. (Telephone numbers are listed at the end of this chapter.)

iii. Cost of building/renovations

Give the purchase price plus lawyer's fees , taxes and other start-up costs. If you are borrowing money for renovations, enclose the detailed estimates described in Chapter 6.

iv. Day-to day operations

Describe how you plan to run the property: will you do the routine maintenance and administrative work yourself, or will you hire a superintendent or a property manager? If you plan to hire someone, how does this affect your operating costs?

v. Financial Plan

Your financial plan is perhaps the most important aspect of your business plan both to you and to the investor or loans officer. It should outline your projected income and expenses month by month. In order to warrant a loan, your plan does not have to show that you will make a profit during the first year or even the first years, but there must be light at the end of the tunnel — a return on your investment of energy and money within a realistic time frame.

vi. List of Rents

If you have tenants already in the building, rental income is easy to calculate. Be sure that the rents you use for your calculations are legal. If you are intending to turn the building into rental units or renovate and apply to raise the rents, you are working on supposition and must be ready to be challenged by the lender.

vii. Your Personal Financial Situation

The first six points show the financial situation of your business. Even if your business is incorporated a lender will also want to know about your personal financial situation. List all of your personal assets, including cash, financial investments and property, and all your outstanding debts.

Statement of personal net worth

ASSETS	\$ DEBTS	\$
Rental property	Mortgages	
Home	Bank loan	
Vacation home	Credit card debt	
Automobiles	Other loans	
Art, antiques, jewellry		
Furniture		
Cash & Bank accounts	 Total debts	
Canada Savings Bonds		
Life insurance cash value		
Stocks & Bonds		
RRSP		
Money owed to you		
	Total assets	
	Less total debts	
Total assets	Personal net worth	

viii. Cash and financing available

State here how much cash you have available to put into the business as equity, and mention any loans you have been or may be able to get from other sources.

ix. Background and experience

In this curriculum vitae, list the job experiences and abilities you have which would make you seem a better credit risk to the lender. Have you, or others involved in your business, had experience with bookkeeping before? Are you handy and able to save money by fixing the house yourself? Have you been promoted to positions of responsibility in your past employment? Have you run a successful business before?

x. Financing needed

This is the crux of your plan as far as the lending institution is concerned: how much you want to borrow and when you will be able to pay it back. After reading the solid information and reasoning which you have presented in the professional plan outlined above, the lender may be more receptive to lending you the sum you need.

If the banker turns you down, it may be a blessing in disguise. Your own personal assets and those of your business are certainly at greater risk than the money the lending institution was being asked to risk. Perhaps the banker's objectivity and lack of enthusiasm will make you look at your project more critically and either scale it down or modify it radically to make it more practical and, therefore, ultimately more successful.

Resources

The Consolation Prize

How to Prepare a Business Plan, published by the Ontario Ministry of Industry, Trade and Technology

Start Your Own Business, a television-based learning series by TVOntario

For information on registering a sole proprietorship or a partnership, contact:
Partnerships Registry
Companies Branch
Ministry of Consumer and Commercial Relations
393 University Avenue, 2nd Floor
Toronto, Ontario
M7A 2H6
(416) 963-1111

For information on incorporating a business, contact: Examination and Notice Section
Companies Branch
Ministry of Consumer and Commercial Relations
393 University Avenue, 2nd Floor
Toronto, Ontario
M7A 2H6
(416) 963-1111

Copies of the *Limited Partnership Act* can be purchased from: Ontario Government Bookstore 880 Bay St.
Toronto, Ontario
M5S 1Z7
or ordered by telephone at (416) 965-6015
If you are calling long-distance, dial toll-free 1-800-268-7540

Local Rent Review Offices: the numbers of the 21 local offices are listed in Chapter 4. If you are calling long-distance, ask the operator for Zenith 9-6000 (toll-free).

The Federal Business Development Bank provides seminars, information and counselling for small businesses. Call the Business Information Centre for the branch nearest you: (416) 973-0062.

Housing statistics are available from the Housing Market Analysts at local CMHC offices:

Ontario Regional Office, CMHC Suite E222 Atria North 2255 Sheppard Ave. East Willowdale, Ontario Tel. (416) 498-7300

Barrie Office, CMHC Suite 701 The Municipal Tower 70 Collier St. Barrie, Ontario Tel. (705) 728-4811

Hamilton Office, CMHC Suite 202 350 King St. East Hamilton, Ontario Tel. (416) 572-2451

Kingston Office, CMHC Suite 402, 4th Floor 259 King St. East Kingston, Ontario Tel. (613) 547-2457

Kitchener Office, CMHC 6th Floor Commerce House 50 Queen St. North Kitchener, Ontario Tel. (519) 743-5264

London Office, CMHC 4th Floor 285 King St. London, Ontario Tel. (519) 438-1731

North Bay Office, CMHC 593 Main St. East North Bay, Ontario Tel. (705) 472-7750

Oshawa Office, CMHC Suite 200 2 Simcoe St. South Oshawa, Ontario Tel. (416) 571-3200

Ottawa Office, CMHC 1500 Merivale Rd. Ottawa, Ontario Tel. (613) 225-6770

Peterborough Office, CMHC 251 Charlotte St. Peterborough, Ontario Tel. (705) 743-3584

Sault-Ste-Marie Office, CMHC 2nd Floor Station Tower 421 Bay St. Sault-Ste-Marie, Ontario Tel. (705) 759-1116

Sudbury Office, CMHC Suite 306, 3rd Floor Scotia Tower 30 Cedar St. Sudbury, Ontario Tel. (705) 675-2206

Thunder Bay Office, CMHC Suite 302 West Arthur Place 1265 Arthur Street Thunder Bay, Ontario Tel. (807) 623-3496

Toronto Office, CMHC 650 Lawrence Ave. West Toronto, Ontario Tel. (416) 781-2451

Windsor Office, CMHC Suite 410 100 Ouelette Avenue Windsor, Ontario Tel. (519) 256-8221



Rent Review

helter is one of man's most basic needs. Many people believe that in a civilized society human beings have a right to decent shelter or housing, and that the government has an obligation to ensure that everyone has a place to stay. If people cannot afford to rent a home, then the government should step in to regulate rent increases or provide government housing. That is the philosophy behind rent controls.

Landlord support groups have argued that the government should allow the market to determine rents, while subsidizing the rents of tenants who need help.

Whether you agree that rent controls help to ensure that everyone can afford a place to stay, or whether you argue that rent controls actually discourage potential landlords and result in a shortage of rental housing, the fact is that Ontario has rent controls and landlords have to abide by them.

You can set the initial rent for a new unit as high as you think the market can bear, but after that you are under the jurisdiction of the Rent Review system and must comply with official rent-increase levels or go through the Rent Review process to justify a higher increase.

Regulation Act

The Residential Rent Regulation Act was passed in 1986 and revised the rent regulation system for the entire province. It affects all landlords of residential rental buildings in Ontario, except for a few exempted categories listed at the end of this chapter. It regulates the rent increases that you can charge for your rental units, and therefore it affects the revenue you get from your investment in those units. The Act was drafted taking into account an agreement reached by a committee of nine landlord and nine tenant representatives, aimed at providing an improved and fair system.

According to the Act, the rent for a unit can be increased only once in a 12-month period. In other words, there must be at least 12 months between each rent increase in a unit, even if a new tenant moves in, and even if you buy a building and inherit the tenants living in it. Landlords must give tenants 90 days' written notice of the upcoming rent increase. Notice must be served on the tenants strictly in accordance with the rules, otherwise the notice may be legally invalid.

2 Hent Review Guideline

The Rent Review Guideline is the amount by which a landlord can increase the maximum rent for a unit each year without approval from the Ministry of Housing.

The Rent Review Guideline will be adjusted each year by the Ministry of Housing to respond to changes in economic conditions in the province, providing tenants with greater protection in times of high inflation. To calculate the guideline, the Ministry uses a formula which takes into account the average changes in the operating costs of maintaining a typical, well-run building during the previous three years.

Costs considered are heat, water, hydro, municipal taxes, maintenance, etc. To monitor changes in these costs, the formula uses components of the Consumer Price Index and other economic indicators. Thus, the guideline dropped between 1987 and 1988 because of a decline in energy costs, combined with a general easing of inflation.

By August 31 of each year the Ministry of Housing will announce the Guideline for the upcoming year, giving landlords and tenants time to prepare for rent increases scheduled from January 1 in the new year.

Even if you are raising the rent by only as much, or less than, the guideline permits, you still have to give a minimum of 90 days' written notice that the rent will be raised. You must use the correct form for this. The notice must state the increase in both dollar terms and as a percentage of the current rent, and must also show the maximum legal rent for the unit.

The first Rent Review Guideline under the new Act was set at 4 per cent in 1985. In 1987 it was increased to 5.2 per cent. In 1988, it was reduced to 4.7 per cent.



Notice of Rent Increase form for increases within the Guideline



Ministry of Housing Form 1 NOTICE OF RENT INCREASE Residential Rent Regulation Act, 1986

(Where no Application to the Minister of Housing is required)
(For use under Section 5 of the Act)

(Please prin	t or type full name of tenant and address of rer	ntal unit.)			
To: NAN	ME OF TENANT				
ADE	DRESS OF UNIT				
					-
					POSTAL CODE
I hereby g	ive you notice that the rent for the above	ve rental unit, inclu	ding all services and	facilities to which	you are entitled, will be
increased	to \$per	effective effective	ve the da	y of	
	rent consists of the current rent of \$ _				
%	of the current rent.				
	does not exceed the current maxim	um ront			
This	exceeds the current maximum rent				
		CURRENT RENT PAID	CURRENT MAXIMUM RENT	NEW RENT	NEW MAXIMUM RENT
Basic u	unit rent:	\$	\$	\$	\$
Separa	ate Charges:				
Pa	arking Spaces: Indoor				
	Outdoor				
	ablevision		-		
	her:				
(PI	lease specify)				
	TOTAL RENT:	\$	\$	\$	\$
Datad this	s day of	10			
Dateo tris	5 day or	19	Name of Landlord	or Agent	
			Address		
Signature	e of Landlord or Agent		Telephone		Postal Code
5					
NOTE 1	This notice must be given to the tena days before the end of the term of a			of a period of tena	ncy; or not less than 90
NOTE 2	A landlord cannot charge and a te guideline set for the year that the in- increase a rent unless a period of a	crease takes effec	t, unless otherwise a	authorized. In addi	tion, a landlord cannot
NOTE 3	"Maximum rent" means the lawful statutory or other increases which o				
NOTE 4	A tenant is deemed to have accept under the Act, unless he/she give increase by applying to the Minister the required form.	s notice of termin	ation to the landlore	d. However, a ten	ant may challenge an
NOTE 5	When applying the percentage incr	rease, the landlord	may round the new	rent to the neares	st dollar.

For further information on the use of this form or about Rent Review, contact your local Rent Review Services Office.

Fines of up to \$2,000 for an individual and \$25,000 for a corporation can be levied for raising rents illegally. As a landlord, you are responsible for rents in your building that have been raised by more than the official guideline, even if you were not the owner when they were raised illegally. Those rents can be rolled back to the correct levels, giving the new landlord an unpleasant surprise. It is advisable for landlords purchasing a building to get a statement as part of the purchase documents declaring that the rents are legal. This waranty should survive the closing of the purchase.

Post-75 Units

All tenants living in private rental units in Ontario — houses, townhouses, or apartments — are now protected by Rent Review. In the past, rental units which came on the market after 1975, called post-75 units, were exempt from rent controls. Under revised legislation, tenants living in post-75 units are now protected by rent regulation, retroactive to August 1, 1985. This means that the percentage guidelines which were set in place after August 1, 1985 actually applied to post-75 units during this period, even though the new legislation did not come into force until January 1, 1987. Thus landlords who charged tenants of post-75 units more than the four per cent guideline during this period must now have applied to justify those rent increases to the Minister of Housing or, on appeal, to the Rent Review Hearings Board (see section in this chapter on "Appealing a Rent Review Decision") or refund to tenants the difference between the percentage permitted by law and the higher amount charged. If a landlord has not done so, tenants should not deduct any amounts from their rent payment but should consult the local Rent Review Office.

3. The Rent Registry

Fines of up to \$2,000 for an individual and \$25,000 for a corporation may be levied for failing to register or knowingly filing false or misleading information.

A) How to Register With the Rent Registry

The monitoring body of the Rent Review system is a province-wide rent registry. The Registry records on computer the maximum legal rent which can be charged for every private rental unit in the province — based on what the rent was in 1985 and the legal increases permitted since then.

When the registration process is complete, information about the rent for any unit will be available to tenants, prospective tenants, and landlords. Information from the Registry will be available through local Rent Review offices. For the first time, tenants will be able to verify the maximum legal rent for a unit.

All landlords of buildings with more than six units were obliged to register information about their units by May 1, 1987. A date for registration of smaller buildings is yet to be announced. Landlords of new rental units must register within six months of renting out the first unit.

Introduction to the Rent Registry kit

YOUR RENT REGISTRY PACKAGE

This Guide is part of your 1987 rent registry package. It provides step-by-step instructions to assist you in completing your rent registration forms.

For your convenience in filing the completed forms, a return envelope is included in your rent registry package.

Included in this package are:

Form 1R Building Form(s); and

Form 2R Unit Form(s).

Not included in this package, but available from your local Rent Review office are:

Form 3R Long-term Tenancy Agreement Form(s);

Form 4R July 1985 Increases Form(s); and

Form 5R Reduced Rent Form(s).

The **Building Form** asks for basic information about the rental property, such as address, building type, etc.

The Unit Form asks for detailed information about each of the rental units in the building, such as basic unit rent, separate charges, etc. For every building, the landlord should complete at least one Building Form and one or more Unit Form(s).

The next three forms are for use in special circumstances which may face some landlords. For information on these three forms, please consult the appropriate section of this Guide.

The Long-term Tenancy Agreement Form is applicable to some previously exempt units in cases where landlords and tenants have signed certain rental agreements or leases.

The July 1985 Increases Form is applicable only in cases where a landlord has taken a legal increase in the basic unit rent during the month of July 1985 (specifically between July 2 and July 31 inclusive) for any rental unit in the building being registered.

The **Reduced Rent Form** is applicable where a landlord has reduced the rent for a unit after July 1, 1985 in order to bring that unit's rent into line with the legal maximum allowed by legislation.

Long-term Tenancy Agreement Forms, July 1985 Increases Forms, and Reduced Rent Forms can be obtained from any one of the local Rent Review offices listed at the back of this Guide.

COMPLETING YOUR RENT REGISTRATION FORMS

The instructions in this Guide are arranged in the same order as the sections on all the rent registration forms. Under each heading, column number or line number in the Guide, you'll find specific instructions for completing the corresponding section on the form. Whenever possible, examples are included to show you the proper way to complete the section.

In some cases, it may be necessary for you to provide additional information on a separate sheet. Please attach any separate sheets to your rent registration forms. Be sure to initial at the top of all attachments.

If you cross out or correct any information on any of the forms, please initial next to each change in the nearest margin.

We have provided all rent registration forms in duplicate for you. We suggest you use the "working copy" for your calculations, then transfer the information onto the copy to be submitted. As a reminder, please keep all working copies for your own records.

FILING YOUR RENT REGISTRATION FORMS

Once you have transferred all the information from your working copies onto the copies you intend to submit to the Rent Registry, please attach the following to the applicable **Building Form** (Form 1R):

- (a) one copy of each completed Unit Form (Form 2R);and, if necessary:
- (b) all completed Long-term Tenancy Agreement Form(s) (Form 3R);
- (c) all completed July 1985 Increases Form(s) (Form 4R);
- (d) all completed **Reduced Rent Form**(s) (Form 5R).

Please be sure to sign or have your authorized agent sign the certification on all of the rent registration forms you are submitting to the Registry. This person should also initial all changes and corrections on the forms, as well as at the top of all required attachments.

For your convenience, the **Unit Forms** require only the initials of the individual who signed the certification on the **Building Form**.

Please mail your completed registration forms, using the return envelope provided, before the deadline.

Rent registration kits can be obtained from your local Rent Review office. There are 21 offices across the province; for the address of the office nearest you, see the list at the end of this chapter. The local offices also offer a program of education and consultation.

Landlords are required to file the actual rent that was charged on July 1, 1985 for every rental unit in their complex. You will only be required to register once. After that, the Registry will automatically update the rent each year, either according to the Rent Review Guideline or according to the amount decided upon in a Rent Review decision.

 Notification of Completed Rent Registration When the rents for a complex have been registered, the Registry will send the landlord and the tenants the rent information which has been recorded for their units. This will also include information on any successful applications which have been made to Rent Review in the past for increases above the guideline.

The Registry will also advise the landlord and tenants of the time limit for applying to challenge, amend or certify the rent recorded. If neither tenants nor landlord dispute the amount recorded before the application deadline, it will become lawful or official. In certain circumstances, tenants may have up to two years to challenge the registered rent, but landlords who do not wish to wait for the challenge may apply earlier to have the registered rent certified as lawful.

A tenant who wishes to dispute the legality of the rent filed by the landlord may do so through the local Rent Review Office. A tenant may claim:

- that the rent on July 1, 1985, was not as stated;
- that the current rent is more than stated;
- that the services included in the rent (such as water) are not as stated;
- or that the separate charges (such as parking) are not as stated.

The landlord may then apply to the local Rent Review Office to prove justification.

The Rent Review guideline is simply that, a guideline. A tenant wishing to challenge a rent increase (even one which is below the guideline), can apply for Rent Review to dispute the increase on certain grounds, such as inadequate maintenance of the property. Or, in the future, the tenant can claim that an earlier increase above the guideline was permitted because of an increase in the interest rate on the mortage, but since mortgage rates have dropped, the rent increase should be reduced.

Applying for a Rent Increase Above the Guideline

If you wish to charge an increase above the guideline (because you have spent money upgrading or improving your building, or because you are losing money on the rents you are getting, for example) you can apply for Rent Review to justify a higher increase. The process is a means of ensuring that landlords can pass on the costs of renovations to the tenants who benefit from the improvements. Almost any type of improvement is eligible as a basis for an application for a rent increase above the guideline, unless it is a cost incurred due to your own wilful neglect, or for regular maintenance, such as painting the hallway.

Many landlords are afraid to use the Rent Review system because they do not know how it works, or out of a belief that it takes a great deal of energy and time. While the process can be time-consuming, filling out the forms and going through the system will help you make sure that you are getting the best possible rents for your unit. And after you have gone through it once, future applications will be much easier. Applications and appeals are free of charge. You may decide to seek professional advice to assist you in Rent Review planning: this can prove well worth the expense as it will help you to maximize the return on your investment.

While applications are usually made by landlords alone, joint land-lord-tenant applications are allowed where the proposed increase would affect fewer than 25 per cent of the units.

If you apply for a rental increase because you have spent money on renovations, the renovations must be already completed, or substantially completed, by the time you apply.

There is an opportunity for an advance ruling. If you wish to work out whether the additional rent increase you can get will make your planned renovations worthwhile, you can apply for a conditional order. This is **not** permission to raise the rents above the guideline, it is merely a calculation of the annual allowance you should be permitted if you spend the amount of money you are planning. For example, the Ministry may look at the cost of your renovations and work out that you should be allowed to raise your rents for the building by an additional \$1,000 a year. Divided between your two tenants, that means you should get \$500 more per year from each of them, in **addition** to the annual Rent Review Guideline (minus one per cent of that Guideline, as explained below).

It is preferable to group your renovations — for example, painting the interior and exterior, plumbing on one floor, drywall in the basement — and make a single application to cover all capital expenditures.

A) Timing of Application

Renovations done in the first year after purchasing a building may be considered part of the purchase cost of the building and may not be eligible for consideration under Rent Review.

Presentation of порожное

You will need to provide:

a Cost Revenue Statement (forms are available at your local Rent Review office):

- records of the final cost of the renovation; and
- evidence that the cost was reasonable: three quotes from different contractors for the renovation are recommended to provide this information.
- It may also be useful to include an engineer's report stating that the repairs are necessary to preserve the building, and are needed due to normal wear and tear, not your negligence.

ET LOWING ONE PAY CANS.

The Rent Review legislation assumes that one per cent of the annual increase permitted, the Rent Review Guideline, covers capital improvements (such as painting). An application for a higher increase is only worthwhile if your capital expenditure (the amount you spend on capital improvements) will justify a rent increase of more than that one per cent. If the additional increase is granted, one per cent will be deducted from the original allowable increase. As a broad rule of thumb, there is only a real benefit to applying when your planned improvements will cost more than 10 per cent of your gross rental income.

Americation

The rent increase granted is amortized over different periods, depending on the type of improvement, and its expected useful life. For example, if you need to replace the plumbing in your building, you may submit an expense of \$10,000. But new plumbing can be expected to last 20 years, so the rent increase you are granted to cover the cost will be spread over 20 years. You would be allowed a total rent increase of \$500 per year for 20 years, plus an interest allowance to cover the cost of borrowing the money to pay for the plumbing immediately.

Submitting the Application

The application is submitted to one of the local Rent Review offices, and a copy of the application has to be given to your tenants within 10 days of filing.

Who Can Give You Advice

The first time that you go through the Rent Review process, it is helpful to have professional assistance. You may feel confident enough to submit subsequent applications on your own.

There are a number of consultants who specialize in Ontario's Rent Review process. They are able to guide you through the system and show you how to get the maximum return on your investment. Landlord support organizations, such as the Fair Rental Policy Organization of Ontario and local organizations across the province, can provide information or help you find a Rent Review consultant or a lawyer in the field. Groups of landlords can get advice and information through landlord and tenant education activities run by local Rent Review offices.

Taking care with your Rent Review application is like taking care when filing your personal income tax statement. You wouldn't throw away income from an investment by failing to take advantage of legitimate tax deductions, and you shouldn't lose opportunities to increase your rental income through the Rent Review process.

A decision on your application will be reached at the local level by the Rent Review office in your area. The decision may take several months, which will mean that you will have to plan your cash flow carefully.

5 Appealing a Rent Review Decision

A) How to Appeal

B) Who Will Hear the Appeal

C) Taking the Appeal Further

A Rent Review decision can be appealed by either the landlord or the tenant to the Rent Review Hearings Board, which will hold a formal hearing into the matter. A form called a Notice of Appeal (available at local Rent Review offices) should be filled out and submitted, along with supporting documents, within the time period allowed.

30 days are allowed to file an appeal, dating from the giving of the original Rent Review decision. After that, the person filing an appeal has 10 days to give the other parties named in the appeal a copy of the Notice of Appeal. The parties have 30 days from the filing of the Notice of Appeal to file any documents supporting their case.

Normally the appeal will be heard by one member of the Board, but either tenants or landlord may request a panel of three Board members. The Board may decide to hold a pre-hearing conference. This meeting of the parties is aimed at resolving preliminary and procedural matters, as well as clarifying the issues of appeal. Hearings are usually held in the regional offices located in Ottawa, Toronto, London and Sudbury. However, hearings may be held in local communities if it is impractical for the people involved to travel to the regional office.

In most cases, a decision will not be reached at the time of the hearing. The Board will take time to consider the evidence and will then notify all parties in writing.

An appeal of the Board's decision can be made to the Divisional Court, but only on a point of law; that is, if you believe an error has been made in applying the law, not merely if you disagree with the final decision or a finding of fact made by the Board.

Whether or not your appeal is successful, you must notify your tenants in writing of the exact increase in rents 90 days in advance. "Notice of Rent Increase" forms can be obtained from your local Rent Review office for this purpose.

Notice of Appeal form for appealing a Rent Review decision

X = X	Rent Review Hearings Board
-------	----------------------------------

Form 5 Notice of Appeal Residential Rent Regulation Act, 1986 (section 101)

Day	Month	Year				
	PLEASE PR	INT OR TYPE				
eason(s) for Appeal:				-		
ddress of rental unit(s) and residential complex which	is the subject of App	peal:				
Person(s) Appealing: Landlord Tenant [Other Party(les): Landlord				
ame	Name					
ddress		Address				
Postal Co	nde				Postal Code	
					I L	
elephone: Business Residence		Telephone: Business	1	Residenc	ce	
gnature of Person(s) Appealing:						
Landlord Tenant						
Agent						
Accest: Name		Dated				
Agent: Name						
Address						.,
			Telephone	Number		
For additional information use separate sheet if necessary.		Date Stamp				
				p		

Note:

- 1. This form must be filed with the Rent Review Hearings Board no later than 30 days of the giving of the order of the Minister. The order of the Minister is deemed to be given on the fifth day after mailing.
- 2. The party filing the Notice of Appeal must at the same time file any document(s) he or she relies upon in support of the appeal, and which were not filed with the Minister with the initial application.
- 3. The person filing this form must give a copy to the other parties directly affected by the issues raised within 10 days of the filing.
- 4. The other parties to the appeal must file any document(s) he or she intends to rely upon at the hearing, and which were not filed with the Minister on the application within 30 days of the filing of the Notice of Appeal.

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6. Exemptions From Rent Review

There are certain types of accommodation which, because of their special nature, are not covered by Rent Review. Exemptions include:

- i. Non-profit cooperative housing; (by definition, tenants of a co-op are also partial landlords of that co-op, and regulate their own "rents" in the best interests of the group.)
- ii. Government-owned, -operated or administered units;
- iii. Non-profit housing subject to government approval;
- iv. Educational or religious institutions, housing staff or students;
- v. Accommodation occupied for therapeutic, rehabilitative, penal or correctional purposes, or to receive care.
- vi. Temporary accommodation provided as emergency shelter;
- vii. Transient accommodation in motels, hotels, inns, tourist homes or hostels.

Residential Rental Standards Board

As part of the Rent Review system, a Residential Rental Standards Board has been created to ensure that rental units, and the residential complex as a whole, are properly maintained. Failure by a landlord to meet minimum maintenance standards may result in suspension or loss of past and future rent increases. (See Chapter 5 on "Maintaining Your Property" for more details.)

Rent Fleview Services Local Offices

If you need information or assistance in matters relating to the Residential Rent Regulation Act, you may visit, call or write to your local Rent Review Services Office. If you are calling long-distance, ask the operator for Zenith 9-6000 (toll-free).

Address

Area Served

Eastern Ontario Region

Rent Review Services 265 Ontario Street Kingston, K7K 2X5 (613) 548-6770 Kingston, for the Counties of Frontenac, Lennox and Addington, Leeds and Grenville, Hastings and Prince Edward

Rent Review Services 40 King St. W., Suite 700 Oshawa, L1H 1A4 (416) 723-8135 Oshawa, for the Regional Municipality of Durham

Rent Review Services 10 Rideau St., 3rd Floor Ottawa, K1N 9J1 (613) 230-5114 Ottawa, for the Regional Municipality of Ottawa-Carleton, Counties of Renfrew, Stromont-Dundas-Glengarry, Prescott and Russell and Lanark

Address

Rent Review Services 139 George St. North Peterborough, K9J 3G6 (705) 743-9511

Area Served

Peterborough, for the Counties of Peterborough, Northumberland, Victoria and Haliburton

Central Ontario Region

Rent Review Services 5233 Dundas St. W., 4th Floor Toronto, M9B 1A6 (416) 236-2681

Cities of Etobicoke and York

Rent Review Services North York, M2N 5X5 (416) 250-1261

47 Sheppard Ave. E., Suite 402

City of North York, and the Regional Municipality of York, excluding the Townships of East Gwillimbury and Georgina

Rent Review Services 1200 Markham Rd., Suite 415 Scarborough, M1H 3C3 (416) 438-3452

City of Scarborough

Rent Review Services 56 Wellesley St. West, 8th Floor Toronto, M7A 2J9 (416) 964-8281

City of Toronto

Rent Review Services 4 Robert Speck Parkway Mississauga, L4Z 1S1 (416) 270-3280

Mississauga, for the Regional Municipality of Peel

Southwestern Ontario Region

Rent Review Services 114 Worsley St., 5th Floor Barrie, L4M 1M1 (705) 737-2111

Barrie, for the County of Simcoe, the Townships of East Gwillimbury and Georgina and the District Municipality of Muskoka

Rent Review Services 25 Main St. West, Suite 620 Hamilton, L8P 1H1 (416) 528-8701

Hamilton, for the Regional Municipalities of Hamilton-Wentworth, Halton, Haldimand-Norfolk and the County of **Brant**

Rent Review Services 30 Duke St. West, Suite 401 Kitchener, N2H 3W5 (519) 579-5790

Kitchener, for the Regional Municipality of Waterloo and the Counties of Wellington and Dufferin

Address Area Served Rent Review Services London, for the Counties of Middlesex, 240 Wharncliffe Rd. N., Suite 100 Oxford, Elgin, Lambton, Perth and London, N6H 4P2 Huron (519) 679-7270 Rent Review Services Owen Sound, for the Counties of Grey 1077 Second Ave. East and Bruce Owen Sound, N4K 2J1 (519) 376-3202 Rent Review Services St. Catharines, for the Regional Munici-43 Church Street, Suite 505 pality of Niagara St. Catharines, L2R 7E1 (416) 684-6562 Rent Review Services Windsor, for the Counties of Essex and 880 Ouellette Ave., Suite 302 Kent Windsor, N9A 1C7 (519) 253-3532 Northern Ontario Region Rent Review Services North Bay, for the Districts of Nipissing 189 Wyld Street and Parry Sound North Bay, P1B 1Z7 (705) 476-1231 Rent Review Services Sudbury, for the Regional Municipality 199 Larch St., 5th Floor of Sudbury and the Districts of Sud-Sudbury, P3E 5P9 bury, Manitoulin and Algoma (705) 675-4373 Rent Review Services Thunder Bay, for the Districts of Thun-540 West Arthur Street der Bay, Kenora and Rainy River Thunder Bay, P7E 5R7 (807) 475-1595

Timmins, for the Districts of Cochrane

and Timiskaming

Rent Review Services

Timmins, P4N 1E2 (705) 264-9555

273 Third Avenue, 2nd Floor

Hesources

Copies of the *Residential Rent Regulation Act* can be purchased at local Rent Review offices or from:
Ontario Government Bookstore
880 Bay Street
Toronto, Ontario M5S 1Z7
or ordered by telephone at (416) 965-6015
If you are calling long-distance, dial toll-free 1-800-268-7540

The following publications are available free of charge from local Rent Review offices:

A Guide to the Rent Review Process
Appealing a Rent Review Decision
A Guide to the Cost Revenue Statement
A Landlord's Guide to Rent Registration
The Residential Rental Standards Board
A Guide to the Landlord and Tenant Act
A Guide to the Standard
Key Money
Ontario's Rent Registry
Protection for Roomers, Boarders & Lodgers
The 1989 Guideline
Suite Hotels

Landlord's Self Help Centre is funded by the Ontario Legal Aid Plan and is a source of information and guidance for landlords: 110 Atlantic Avenue Toronto, Ontario M6K 1X9 (416) 532-4467

Fair Rental Policy Organization of Ontario 869 Yonge St., Suite 105 Toronto, Ontario M4W 2H2 (416) 961-3698

Multiple Dwelling Standards Association 163 Beechwood Avenue Willowdale, Ontario M2L 1L9

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Local Landlord Associations

Hamilton Apartment Association 316 Woodworth Drive Ancaster, Ontario L9G 2N1

Kingston Rental Property Owners Association 238 Avenue Road Kingston, Ontario K7M 1C7

Waterloo Regional Apartment Management Association P.O. Box 8042 Kitchener, Ontario N2K 2B6

London Property Management Association 106-114 Arbour Glen Crescent London, Ontario N5Y 2A3

Peterborough & District Landlords Association P.O. Box 2166 Peterborough, Ontario K9J 7Y4

St. Clair Association of Rental Property Owners 250 Maria Street Sarnia, Ontario N7T 4T3

Northwestern Property Management Ltd. P.O. Box 3102 Thunder Bay, Ontario P7B 5G5

Sun Parlour Income Property Association 978 Parkview Ave. West Windsor, Ontario N8S 2X4

Maintaining Your Property

he rental building you own is your asset. If you maintain it well, it will pay good dividends over the years. If you neglect it, you will lose money eventually.

A building which is tidy and well kept attracts good tenants, reassures the bank and insurance company, and satisfies the health and safety standards set by your local municipality. Taking good care of a building means settling into a regular pattern — carrying out maintenance according to a pre-set schedule and thoroughly investigating any hints of trouble. The job may not be exciting and it takes time, but there are few unpleasant surprises that way.

A slow leak in a plumbing line does not seem alarming, but over time it can ruin paint and drywall, rot wood, or even bring down a ceiling. If problems go unnoticed, or are ignored because they look as if they'll require money, small problems turn into big ones, affecting other parts of the building. Soon the cost of repairs becomes exorbitant. Costs incurred as a result of the landlord's ongoing, deliberate neglect may not be recoverable through the Rent Review process. And finally, like a car on which rust has been allowed to spread, a run-down building will fetch a lower price when the time comes to sell it.

1 Inspecting the Building

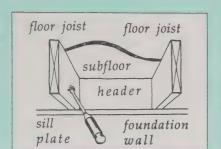
Successful ongoing maintenance is dependent on scheduled inspections. A thorough initial appraisal of the interior and the exterior components is absolutely key to your success. Make a list of what needs to be brought up to standard and what needs to be regularly maintained. Carrying a flash light, binoculars (for brickwork on upper floors and the roof), a tape measure, and a notepad, take yourself on a tour of your building.



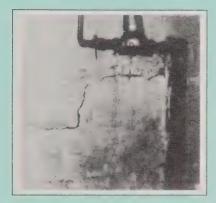
A) Foundation and Basement

Many clues about the structural soundness of a building may be found in the basement or crawl space. Start off with an inspection of this area.

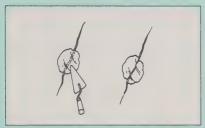
Walk around the outside of the building and inspect the foundation for cracks, bulges and other signs of deterioration. The ground should slope away from the building on all sides for good drainage — a damp foundation can lead to problems such as masonry spalling, wood rot and damage to interior finishes. Make sure that no wood is in contact with the ground; there should be at least 150 mm (6 inches) clearance between non-pressure-treated wood materials and the soil.



Testing for damaged wood



Cracks in foundation walls



Identifying active cracks



While inspecting inside the basement, look for signs of water penetration — cracks and bulges in the walls, crumbling mortar and loose masonry. Use an awl or screwdriver to poke at sills, joists, beams and wood posts. Penetration by the tool means rot or insect damage. Inspect beams and joists for damage, sagging and signs of alteration such as notches cut for pipes or ducts.

The biggest problem in basements is usually moisture, either from direct leakage or high humidity which makes the space uncomfortable, unusable, and in some cases hazardous (e.g. electrical corrosion). If there is a sump, check its operation and clean the sump well. Finally, the basement inspection should assess the condition and operation of the building mechanical systems.

i. Cracks in Foundation Walls

Hairline cracks in concrete or masonry walls are rarely of structural significance although they may be a source of air leakage and dampness. Cracks wider than a pencil should be examined to see if they are active, which means that the building is moving. One way to find out is to dab plaster of paris, about 5 mm (3/8 inch) thick, across the crack. If the plaster of paris cracks over a period of time, the crack is active and you should seek professional assistance.

Seasonal cracks are cracks that open up at a particular time of year, and then close up again; they are not usually as serious as other active cracks but they can be difficult to deal with. They should be sealed — preferably from the exterior — with a flexible material such as a good quality sealant. Stable cracks may be patched with a mortar mix compatible with the wall material: lime mortar for brickwork, cement mortar for concrete.

Expert advice is required if the wall appears to be bulging in, or if the wall on one side of a crack has tilted inwards. In severe cases, repair work may involve excavating and rebuilding the affected part of the foundation. It is better to get the advice of a qualified person before beginning the repairs than to do the job poorly and have the problem recur.

ii. Mortar

Soft, crumbling mortar in old brick or stone foundations is common and should not be cause for alarm unless accompanied by active cracks and bulges in the wall. If the affected area is large, it can be cleaned out with a stiff brush and repointed with new mortar. Small piles of sand at the bottom of the wall may be a sign that the mortar is seriously deteriorated and the wall may be unstable. This is a case for professional assistance.

iii. Spalling

When the outer surface of a masonry wall flakes or powders, it is said to be spalling. Spalling is caused by the freezing and thawing of moisture in brick, block or concrete. The expansion of the ice as it freezes stresses the masonry and causes the damage. A related problem is efflorescence, a white deposit of crystallized salts leached out of the masonry by moisture. Efflorescence can occur both inside and outside the foundation. If not remedied early, spalling can lead to a need for brick replacement. Tuck point cracks at moisture entry locations. Spalling and efflorescence rarely become structural problems but they are an indication that there is a moisture problem that needs to be fixed.

iv. Wood Rot

Rotten wood should be cut out and replaced. In the case of sill replacement, this may involve jacking up the building. The repair will also involve correcting the damp conditions which allowed the wood to rot in the first place.

v. Insects

Boring insects such as carpenter ants and termites can do a lot of damage, although the affected wood may look perfectly normal on the outside. They eat away at the inside of beams and joists, often leaving nothing but a paper-thin outer layer of wood. A good prod with an awl or screwdriver will detect the problem. Also look for narrow termite-shelter tubes made of earth, running up concrete walls. Insect-damaged wood should be inspected by a qualified person. In the case of termites, the building and the surrounding soil should be professionally treated with insecticide after the damaged wood has been cut out and repairs made. All wood-soil contact should be eliminated. Carpenter ants can usually be eliminated with a liquid ant-killer.

vi. Floors

Sloping, springy and squeaky floors are to be expected to some degree in older buildings. While it is often fairly easy to correct these annoying symptoms, it is always a good idea to investigate their cause.

Squeaks usually occur when either the cross-bracing, the subfloor or the finished hardwood floor is loose. Cross-bracing may be renailed if it is accessible. Screwing or nailing the floor down into the joists from above can also be effective. Another method involves screwing the floor from below or shimming between the loose subfloor and the joists.

vii. Basement Slabs

Cracks in basement floor slabs can be a source of moisture entry into the house. Cracks in slabs (at the junction of foundation walls and the slab or in the middle of the slab) can be sealed to prevent leakage.



Any unfinished basement or crawl space floor should be covered to prevent moisture migration into the building. A polyethylene sheet spread over the floor can dramatically reduce moisture levels. The polyethylene can be held in place with sand (in a crawl space), or a new slab can be poured over the moisture barrier.

viii. Beams

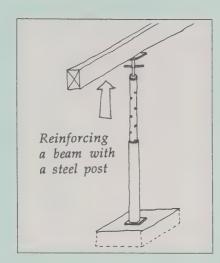
Beams in basements and crawl spaces carry the weight of the main floor and any floors above, plus partitions and sometimes part of the roof. Therefore they often need to be supported by closely-spaced posts. The exact spacing can be found in tables in the Ontario Building Code but if the supports under a solid wood or built-up main beam are more than three metres apart, you should look carefully for signs of sagging in the floor above. If necessary, install extra posts, correcting the sag in the floor at the same time. Steel jack posts are a convenient way to do this, although they should be operated extremely slowly over a number of days. This may require professional advice. All posts or columns must bear on a proper footing, placed on solid ground.

ix. Joists

Common sense is the best guide to solving joist problems. Joists are usually made of 38 mm (1 1/2 inch) lumber spaced 300 mm to 600 mm (12 to 24 inches) apart. Typical depths are 140, 184, and 235 mm (6, 7, and 10 inches). The longer the span (distance between supports), the greater the joist depth required. Maximum spans for various depths and grades of lumber can be found in the *Ontario Building Code*. Bouncy or springy floors are a sign that joists may need to be replaced or stiffened. One way to do this is to nail a second joist to the side of the old one; this stiffener does not have to bear on the support beam or wall as long as it is well-nailed to the original joist and extends in one piece the full length of the span. Joists that are weakened with splits or notches can be reinforced in the same way. The cross-bracing or blocking between joists should be inspected for looseness and renailed to make it solid. New blocking should be added if necessary.

x. Unsupported Joists

In older buildings that have been altered several times, missing joists and unsupported joist ends are not uncommon. New joists securely fastened to headers can correct these problems. It is very important to use the correct number and length of nails when installing new joists. Check the Ontario Building Code for this information.



3) Walls Above Grade

Inspect exterior walls from outside and inside for cracks and bulges and signs of water damage such as water stains, efflorescence and peeling paint. Check that the grade level around the building is at least 150 mm (6 inches) below any wood. Look also for cracked window glass or windows and doors which do not operate smoothly. All these things may indicate structural problems. Interior walls should be checked to see if they are plumb and that door frames are square.

i. Cracking/Spalling in Solid Masonry Walls

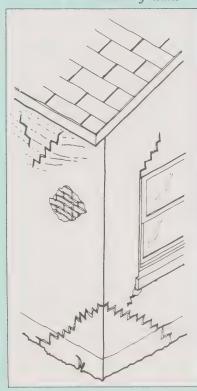
Cracks and bulges in solid masonry walls may be serious and should not be neglected. Cracks should be carefully checked for movement (see the section on "Foundation Walls") and their cause determined. Have an expert look at the problem and, if necessary, consult a structural engineer before planning any repairs. In severe cases, the affected part of the wall may have to be rebuilt. After structural repairs have been made, the wall must be repointed to prevent moisture from entering.

- Cracks which run all the way up the wall from the bottom may be caused by foundation settlement. Repair work may involve underpinning, grouting, or widening the foundations.
- Cracks around windows often indicate weakness or failure of the lintel. In this case new lintels may be required.
- Cracks and bulges in the wall just under the eaves may be a sign that the roof rafters have shifted and are putting too much outward stress on the wall. In this case repairs will involve first correcting the rafters and then stabilizing the wall.
- Any crack may mean that moisture has leaked into the wall from above and frost damage is occurring, in which case roofing, flashings and downspouts will have to be repaired. Spalling of bricks is also a symptom of moisture penetration into the brick in some cases moisture migration from the house interior.

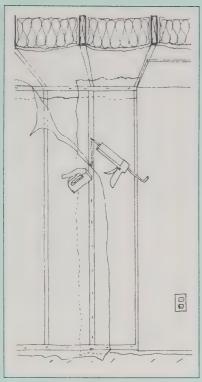
ii. Cracks in Masonry Veneer and Stucco

Cracks in veneer or stucco walls are not as serious as those in solid masonry because these materials are not load-bearing. If necessary, the affected part of the wall can be rebuilt fairly easily by scraping off loose material, nailing on wire mesh and new stucco. The possible causes of the damage include most of those described above, plus failure of the ties or fasteners to hold the cladding material to the structural wall, and moisture migration from the interior. The cause of the damage should be identified and corrected before repairs are made.

Cracks in solid masonry walls







Installing new air-vapour barrier

iii. Wood Rot

If a wall cavity is not given a chance to dry out but remains damp, the frame may rot. If rot is suspected, several small openings should be made in the wall to check for damage. Rotten studs and wall plates may be replaced from the inside or the outside, depending on which is more convenient. It is important to prevent water or moisture entering the wall from either the inside or the outside.

When the wall is opened up, the stud cavity should be filled with insulation and a continuous 6 mil air-vapour barrier installed on the warm side of the insulation. An exterior weather barrier should be placed behind the siding. There should always be a 25 mm (1 inch) space behind brick veneer and weep holes at the base of the wall for drainage. (For more information about correcting moisture problems, consult *The Water Resistant House*, a Ministry of Housing publication.)

iv. Cracks in Plasterwork

Cracks in plaster usually indicate shifting and settling of the structure. Like those in the foundation, plaster cracks may be stable, active or seasonal. Stable cracks can be fixed with drywall tape and a plaster filler; larger cracks should first be cleaned out with a sharp tool. Active cracks should be traced to their source and the problem resolved before plastering.

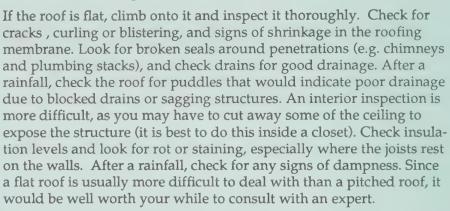
v. Interior Loadbearing Partitions

Plaster cracks and ill-fitting doors are signs that some structural movement has taken place. The causes include inadequate support and settling from below or too much loading from above. This can also happen if changes have been made to the building without consideration for the structure. Correcting the problem in severe cases may involve inserting new or reinforced beams and posts under or within the wall. Minor problems which have stabilized are usually best left alone. This is especially true of older homes which are rarely square, yet may be quite stable. Trying to correct this "problem" could be more trouble than it is worth.

Walk around the outside of the building and check the ridge line and eaves for straightness, and fascias and soffits for signs of rot. Look for dips in the roof surface and for any features like old masonry chimneys that may be unsound. Inside the attic look for rot or staining, particularly at the eaves and around roof penetrations such as chimneys and plumbing stacks. Check rafters for bowing and splitting and for separated joints at the ridge and eave. Check metal connectors (truss plates) for corrosion.

C) The Roof

Moisture damage from rain and snow on the outside can lead to a rapid deterioration of the wooden frame of the roof. The roof should shed water effectively into clean, well-fitted eavestroughs, and the metal flashing which covers the edges and seams of the waterproof material should be in good condition. Leaking roofs may be a symptom of another problem. Poorly sealed and insulated attics often result in melted snow on the roof above. The melting snow will refreeze at the edge of the roof causing ice-dams. This can lead to leaks as the water backs up under the shingles.



Ventilation of roof assemblies and attics is required to remove excess humidity on the inside, and to provide cooling of the roofing material.



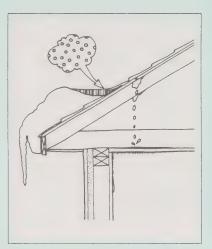
Neglected roofs soon start to leak and the result is wood rot. Rotten roof sheathing and rafters should be replaced with new material; the roof covering and flashing must of course be fixed. Sometimes the moisture source comes from inside the building, for example, from steamy bathrooms and kitchens, in which case it is essential to seal the air-leakage paths which allow the moisture to rise up into the attic. Attic ventilation may assist the drying process.

ii. Rafters

Badly split or bowed rafters may be reinforced by nailing a new rafter to the side of the old. If rafters appear to be very widely spaced and the roof sheathing is bowing, new rafters can be installed between the old. Separated joints should be corrected and rafters fastened firmly together at the ridge. One way to do this is to use plywood gusset plates. New collar ties may be needed to prevent the rafters from shifting again.

iii. Trusses

In a neglected roof, wood trusses are just as prone to rot as rafters. Repairing the tails at the eaves can be done in the same way as for rafters, but if repairs to other areas of the truss are needed, a truss manufacturer or other qualified professional should be consulted. In addition to rot, the metal plates which hold the truss together may have corroded and may have to be replaced with new connectors.



Eave ice damming

Truss uplift is an aggravating seasonal phenomenon which causes plaster cracks to open up at the joint between the ceiling and the interior partitions each winter. While truss uplift is difficult to prevent, the effects of the problem on interior finishes can be minimized. The best thing to do is to install a ceiling moulding in the affected rooms. The moulding should be fastened to the ceiling only, not to the wall, so that when the trusses lift the ceiling, the moulding can slide up the wall. Choose a moulding deep enough to completely cover the cracks. During more significant renovations, the edges of the drywall can be "floated" at the interior partitions and exterior walls to minimize the effects of truss uplift.

iv. Masonry Chimneys

Masonry chimneys deteriorate rapidly if poorly maintained, and can be hazardous. Unused chimneys should be inspected yearly for cracks, mortar deterioration and leaking flashings. Chimneys in regular use should be checked more often. Chimneys in bad shape may need to be rebuilt, relined and reflashed. If you convert the heating system from oil to gas, the chimney will need to be relined.

v. Ceiling Joists

Ceiling joists are rarely designed to take heavy loads; sagging, cracking ceilings are an indication that ceiling joists may have been overloaded, or a wall below may have been altered or removed. Ceiling joists may be reinforced in the same way as floor joists, but must rest on supporting walls. If the attic is to be used for heavy storage or living space, new joists, properly sized for the load, may be set between the ceiling joists.

vi. Attics

Attics are prone to moisture damage from leaks in the roof and from moisture condensing as hot moist air leaks into the attic from the building. Check the attic at least twice a year, as well as during a rainstorm and on a cold day to catch any water or air leaks. Frost or dirty insulation is a sign of air leakage.

D) Heating System

While there are many aspects of the heating system that you can check yourself, you will need the services of a licenced service technician to check gas or oil burners and their associated controls.

i. Furnace/Boiler Room

 The heating system in a multiple dwelling should be located in a separate room, with floors, walls, ceiling and doors that have a fire resistance rating of one hour or more. There should be direct mechanical or natural means of supplying an adequate amount of air for proper combustion. No combustible material should be stored in this room.

- Check that anything that burns combustible material is vented directly to the outside by means of a smoke-pipe, vent-pipe, or chimney. Check that these pipes are not blocked and are not letting gases escape into the building.
- Check that no "backdrafting" occurs; that is, that no flue gases are pulled back into the building when fireplaces, exhaust fans and dryers are operating.

ii. Boiler

Scale and deposits inhibit the transfer of heat and reduce operating efficiency and heat output.

A qualified and licensed service technician should check:

- combustion chamber, boiler tubes, breeching and chimney for soot, corrosion, deposits and signs of leaks (water or smoke);
- water side (if possible) for scale and deposits;
- burner for proper size, adjustments and combustion efficiency;
- safety devices and controls for proper location, setting and operation.

iii. Furnace

- Check and replace or clean filters regularly.
- Check the fan belt for proper tension: 25 mm (1 inch) total deflection is recommended. Oil bearings of motor and fan as required.
- Check the operation of the barometric damper in the breeching. The damper should be closed when the furnace is not operating and should move easily. Clean and oil the hinges if necessary.

A qualified and licensed service technician should check:

- combustion chamber, boiler tubes, breeching and chimney for soot, corrosion, deposits and signs of leaks (water or smoke);
- burner for proper size, adjustments and combustion efficiency;
- safety devices and controls for proper location, setting and operation.

iv. Piping System

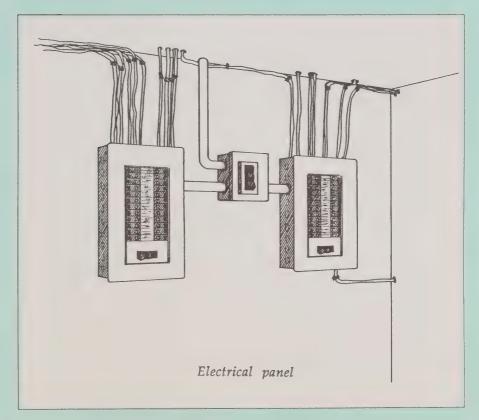
- Check for build-up of scale and corrosion.
- Check for proper water levels.
- Check for proper venting at high points of the system. At the start of the heating season, bleed of air at the air vents.
- In a pressurized (closed) system, check the expansion tank. It should contain an air cushion. If the tank is waterlogged (completely filled with water), drain it and refill the system to build an air cushion in the tank.
- Check all control systems for proper function and settings.

- v. Duct System
- Check for build-up of dirt in the ducts.
- Check that balancing dampers are properly positioned.

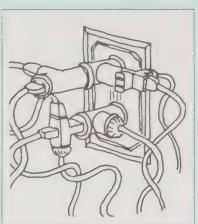
Electrical problems occur as a result of old or inadequate wiring, insufficient capacity, or faulty equipment. Sometimes the solution can be as simple as replacing a switch. In other cases the solution may require an upgraded service to provide greater capacity, or even a new wiring job if the existing wiring is old and unsafe.

Warning Signs:

• Blown fuses, hot fuse boxes, or tripped circuit breakers are a sign of problems. A blackened fuse indicates a short circuit. Generally this will be in an appliance, which can be identified and fixed. A blown fuse that is not blackened indicates an overloaded circuit. This will require moving some appliances to another circuit or bringing in a new circuit to take some of the load. Under no circumstances should a fuse be replaced with one of higher amperage that exceeds the rating of the wire. For most residential lighting and receptacle circuits, this is 15 amps. Tenants in the past may have wanted to use a hairdryer at the same time as the toaster, and without a thought about safety may have put in a 30 amp fuse in exasperation because the hairdryer kept blowing the fuse. Fuse boxes need to be checked and tenants need to be warned of the danger of an electrical fire.



E) Electrical Wiring Systems

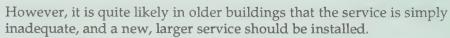


Inadequate attention paid to wiring



- Special fuses are available for different needs. Type "P" fuses are available for heating loads such as dryers, baseboard heaters and all general circuits. Type "D" fuses should be used on motor loads such as furnace fans. All fuses should be screwed in securely.
- An octopus of electrical cords growing out of the circuit box, or extension cords used as permanent wiring, are sure signs of inadequate attention paid to careful wiring in the past.
- Switches, outlets and fixtures that don't work, that heat up or spark, should be replaced.
- Other signs of an inadequate or faulty electrical system are lights flickering when power tool or appliance is turned on, appliances running at less than full capacity, and insufficient outlets to meet your needs.

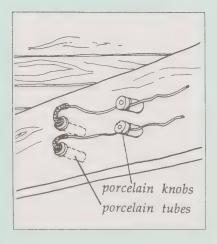
It may be the case that the service is simply in need of some reworking to meet today's higher demands. Forty years ago, there was no conception of the need for electricity to power dishwashers, stereo equipment, and personal computers, and so the electrical systems were functional but limited. Depending on the age of the service and size of the panel, it may be possible to upgrade by simply rewiring some over-loaded circuits in critical areas such as the kitchen. It may be easy to run a new circuit, or you may have an unused terminal that can be used to connect an add-on panel box. An electrician can give the answers to these questions.



There are two ways of increasing the service: by replacing the entire panel, or by running the old panel as a branch panel wired into a circuit in the new service.

The wiring throughout the building should be examined for its type and condition. If it is particularly old, such as the knob-and-tube variety, and is cracked and frayed, it should be replaced immediately. However, if it is still resilient and well sealed by its cloth-covered rubber insulation, it is not essential to replace knob-and-tube wiring. Its major disadvantage is that it is not grounded.

Other symptoms, such as ungrounded circuits, or frayed or cracked insulation around wires at receptacles, indicate sub-standard wiring that should be replaced as soon as possible.



There are simple wiring tests that can be performed to determine the condition of the circuits:

- An inexpensive receptacle analyzer plugs into an outlet; lights on the unit indicate whether the outlet is functioning properly and is safely grounded.
- A megaohm test performed by an electrician indicates any shorts or weak points in the insulation around the wires.

Ground-fault circuit interrupters (which provide fast shut-down of a circuit in case of some problems) are now required at various points in a service such as bathrooms and outdoor receptacles in new housing. The added safety margin that they provide may be reason enough to install them in bathroom, kitchen and exterior outlets when renovating or rewiring existing buildings.

Note that an inspection permit from your local Ontario Hydro Electrical Inspection office is required for any electrical work. There is a nominal charge, which depends on the extent of the work to be done, that covers both the permit and the inspection. A certificate of inspection is issued once the work is found to be done properly and is safe.

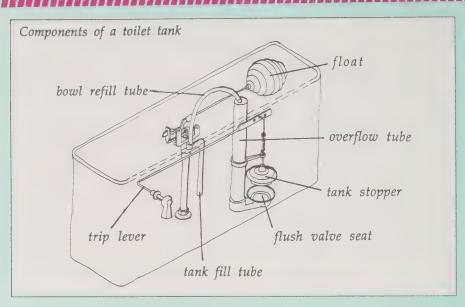
Your local Ontario Hydro Office can provide you with a copy of the Electrical Safety Code for Ontario.

Older buildings may have galvanized iron water pipes instead of the newer copper pipes, and waste lines made of cast iron instead of copper or ABS pipes. Where pipes of dissimilar metals are joined, corrosion leading to leaks can occur and pipes should be checked for rust. Dialectric unions can reduce the likelihood of corrosion. If the old pipes are in good condition, there is no reason to change them. However, repairs to old plumbing systems are generally more difficult to do. For example, cast iron pipes are more difficult to cut and join than copper, and new fixtures are not always sized to fit old hookups.

These are some of the plumbing problems you are checking for on your inspection tour:

- Dripping faucets waste water, money and energy, and stain fixtures. The problem can usually be fixed with a washer which costs only a few cents. It is a good idea to keep a variety of washers handy.
- Malfunctioning toilet tanks include tanks that won't fill and water that keeps running. Often the problem is solved with a simple adjustment to the level of the float ball, repositioning the valve or tank ball, straightening the lift wire or chain, or replacing the ballcock unit.
- If a leak occurs where the toilet meets the floor, the solution is to remove the toilet and replace the drain gasket.

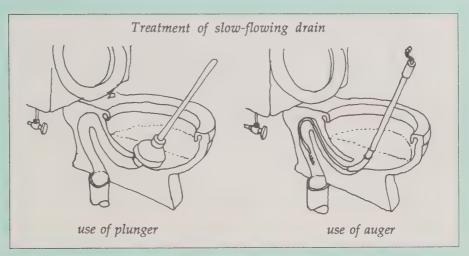
F) Plumbing Systems



- A more serious problem is the burst pipe. Repairs should involve protection of the pipe from future freezing by adding insulation, or sometimes by relocating the pipe to a warmer place. You may even require an electric heating cable to keep the pipe warm.
- Faucet leaks that cannot be fixed by replacing the washer usually mean a new faucet is needed. Problems can arise when the supply connections are not interchangeable. This would necessitate changing the fitting to reconnect the system.
- Bathtub leaks will rot subfloors, floor joists and wall studs. Leaking toilet seals will cause similar damage. Repair work, if the leak has been left unattended for a while, will involve removing the bath, tile work and subfloor in order to repair the structure beneath. Such damage can be prevented by making sure that tub surrounds, soap dishes and faucets are properly sealed with a suitable silicone sealant so that no water can get behind them.
- Damaged fixtures can be hard to remove, or hard to replace.
 Faucets may not fit into old sink holes or drain pipes may not line up. Once the old fixture has been removed, examine the surrounding area thoroughly for structural problems or deteriorating or damaged finishes.
- Leaking pipes can be difficult to pinpoint if the source is slow drips from water lines and drains. Sometimes condensation is the culprit on cold water lines and water running down the outside of a soil stack may be rain from a leaking roof flashing. No water drip should be ignored; to do so is to invite trouble.

- Low water pressure is a problem almost always caused by pipes that are too small in diameter or partially blocked by sediment and corrosion. Water softeners can also lead to deposits in piping and on the elements of the hot water tank. The solution is to replace the affected pipes, which may include the main supply line from the street to the building. Inadequate supply also occurs when added fixtures exceed the capacity of the system.
- Slow-flowing drains may be a result of a partial blockage or corrosion of the pipe and the first treatment should be with a plunger or a plumbing auger. A blocked vent may also cause drains to flow poorly; in this case symptoms may include sewer odours. The underground sanitary drain can also be damaged. If a main drain keeps backing up, call in a professional to determine the cause of the problem.
- Malfunctioning laundry appliances should be checked for a blocked drain, broken hose connection or blown fuse before calling the service people.

The Ontario Plumbing Code is available from the Ontario Government Bookstore. In Toronto, call 965-6015. Long distance call 1-800-268-7540.



G) Security

Windows and doors accessible to people outside a rental building should have a lock or security bars to prevent illegal entry, and at least one entrance door in a rental unit should be capable of being secured from inside and locked from outside the unit. If there is a vestibule security system with an intercom, the system should be maintained. Main entrances should have automatic door closers. The door to shared locker and storage rooms should be kept locked, with only tenants and maintenance staff having keys to it. Mail delivery slots in the doors to individual units should not allow access to the lock, while mail boxes in a common area should be secured.

As part of a more significant renovation, several newer security systems could be installed. Connection of the central lobby registry to individual unit telephones is becoming more widespread, reducing the expense of costly intercom wiring. On an even more sophisticated level, security cameras in main lobbies and underground parking facilities are gaining wider acceptance.

H) Fire

During routine routine inspections, you should pay special attention to safety features, such as smoke detectors, fire alarms and extinguishers, lights in stairwells, and other factors affecting safety. Check that exit lights are not damaged and are illuminated, and check the fire alarm system AC power lamp and trouble signal for defects. There are specific rules for fire and safety in **new buildings** constructed to the Ontario Building Code. According to the code, smoke detectors are required in every building. In a single-family home, there should be one detector on each floor. In a multiple-unit building, there should be one detector in each public corridor and exit stairwell, and in each unit between the bedroom(s) and the rest of the unit. These are only minimum requirements. It is cheap, simple and wise to put a detector in every living area and in the passage outside the kitchen.

Fire sprinklers are only required in the storage area and garbage chute of residential buildings.

Buildings with more than three storeys need portable fire extinguishers at strategic points and an alarm system. Residential units on the third storey of a building and higher need two means of exit.

Specific regulations about the fire safety of doors and walls (measured by the number of minutes it would take a fire to burn through them) become more stringent for buildings with more than 600 square metres in floorspace.

Your local real estate board can recommend a building inspection company or engineer who will check whether your building conforms to the code. Standards for older buildings are not as stringent as for newer buildings. The local fire department or municipal Buildings Department will also send out an inspector, free of charge. Not conforming could mean legal trouble, or a human tragedy in the future.

Maintaining Your Property



FIRE ALARM INSPECTION LOG

YEAR 19

									TEAR 13
DATE	PULL STATION LOCATION	results	AUDIBLE SIGNAL APPLIANCE LOCATION	results	ANNUNCIATOR READINGS	results	BATTERY	TRB.SIG.	SIGNATURE
		-							
		-							

FIRE ALARM MAINTENANCE LOG

DATE	DEFECTS	SERVICE NOTES	SIGNATURE
			1 - 1 - 1



MONTHLY FIRE SAFETY MAINTENANCE DUTIES

MURITLY PIRE SAFELY MAINTENANCE DUTTES							
D. 75	SIDE DOODS	LIGH	EMERGENCY HTING SYSTE UNITS	EM	FIRE ALARM TEST		SIGNATURE
DATE	FIRE DOORS	BATTERIES	UNITS	LAMPS	TEST		SIGNATORE
	-						
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MONTHLY INSPECTION OF FIRE EXTINGUISHERS / HOSE CABINETS

		EXTINGUI	CUED														INSPECTED BY
LOCATION EXTINGUISHER / HOSE CABINET	TYPE		SERIAL No.	J	F	М	Α	М	J	J	Α	S	0	N	D		MORECIED BY
2nd Floor - Front	Water	10 g														Jan.	19
1st Floor - Front	Water	10 g															
2nd Floor - Rear	Water	10 g														Feb.	19
1st Floor - Reer	Water	10g					L						_			Mar.	19
Laundry Room	ABC	5 lb.		_												Anr	19
Storeroom	Carbon	5 b.		_				L		L			_			. ripis	17
West Basement	Water	10g					L									May	19
	-			L	L	_	_			_						June	19
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																0 =	Unsatisfactory condition

Maintaining Your Property



ANNUAL FIRE SAFETY MAINTENANCE

	DATE	SIGNATURE
INSPECT FIRE DAMPERS / FIRE STOP FLAPS ON INCINERATOR		
INSPECT CHIMNEYS / FLUES / FLUE PIPES ON INCINERATOR		
INSPECT DISCONNECT SWITCHES / VENTILATION SYSTEM / AIR CONDITIONING		
CLEAN CHIMNEY SPARK ARRESTORS		
FIRE ALARM DRILL		
CONDUCT VERIFICATION TEST FIRE ALARM SYSTEM		
INSPECT STANDPIPE HOSE VALVES		

ANNUAL INSPECTION OF STANDPIPE SYSTEM

	CABI	NET					R VALVE	-	
LOCATION	HOSE LENGTH	NOZZLE TYPE	AGE	CONDITION	DATE RE-RACKED	VALVE CONDITION	DATE INS	PECTED	INSPECTED BY
							-		
						,			
							-		
	-								

Developing a Regular Maintenance Plan

Now that you have a good idea of the components of your building, and can see where regular maintenance is needed, draw up a maintenance schedule. This is the key to minimizing problems in a rental building.

The maintenance covers the interior and the exterior of your building. It is advisable to have an agreement with your tenants that you can inspect their units once or twice a year. Provide adequate notice of your inspections. If you notice a small leak in one of the units, you can fix it before it ruins the kitchen counter and then the drywall of the ceiling below. In addition, you will save money on water by fixing the leak.

All of the routine jobs should be listed and broken down into sections:

Daily Jobs

Some jobs have to be done every day, like checking exit lights, checking the fire alarm system, cleaning, garbage room maintenance, picking up litter, checking the heating system, and looking for blown light bulbs.

Weekly Jobs

Weekly tasks would include checking on mechanical equipment like pumps and control valves, taking the garbage to the curb and cutting the grass in summer.

Monthly Jobs

Your monthly schedule would cover tasks like oiling pumps and checking fans and blowers.

Seasonal Jobs

Seasonal tasks are those related to the season, like shovelling snow, fertilizing lawns, and pruning bushes, and those which are only necessary once or twice a year, like servicing mechanical equipment, water and electrical meters, and sump pumps; checking fire alarms and door and window hardware and operations; and spring cleaning. Painting can be done every few years.

In carrying out your maintenance plan it is useful to follow a checklist like the one shown on the following pages.

	DING INSPECTION		
Property		Date	
ITEM	COMMENTS	ACTION NEEDED	DONE
Halls & stairwells			
Exit door glass clean Fire cabinets clean Garbage rooms clean Electric covers attached Light covers unbroken Door closers working Carpet/floors/baseboards clean Stair railings clean All lights working Other			
Laundry room			
Clean Other			
Lobby & entry Clean			
Other			
Superintendent's workroom Tidy Supplies easily accessible Other			
Storeroom			
Clean and tidy Supplies available Supplies accessible Other			
Furnace/Boiler room			
No leaks Circulating pumps cool/oiled Boiler pressure PRV & low water cutoff Blow down valve Thermostat Clean Other			

	(4) (4) (4) (4) (4) (4) (4) (4) (4) (4)	***************************************
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rem	COMMENTS	ACTION NEEDED	DONE
Electrical room			
Batteries functional			
Clean			
Other			
Other			
Building exterior			
Overall			
Painting			
Siding			
Trim			
Foundations			
Caulking			
Roof			
Roof flashing vents			
Gutters/downspouts			
Doors			
Windows			
Steps/railings			
Other			
Grounds Overall			
Grass			
Landscaping			
Walkway			
Driveway			
Parking			
Fencing			
Security			
Outdoor lighting			
Other			
Garage			
Tidy			
Lighting			
Ramp grate			
Overhead and exit doors			
No leaks at risers			
No combustible materials			
No dampness on walls Other			
Other			
Notes			

It is a good idea to keep a separate file with your maintenance plan to hold equipment service manuals and warranties, and another to hold records of repairs and improvements — who did them, when, how much was charged, and if there is any guarantee on the work. Receipts and invoices for the work will be kept in your accounting records, but you may want to keep photocopies of these together with your records of repairs and improvements, for Rent Review purposes. It may seem like extra paperwork, but good record-keeping helps to ensure a well-maintained building and a better return on your investment.

3. Tradespeople

Most small landlords and property managers will do some maintenance jobs themselves. Other jobs will require a specialty tradesperson. Finding the right tradespeople is important, especially since you will probably call on some of them again. You should first write down a detailed description of the exact job to be done. It should include the particular type and grade of the materials needed, as well as their size and style and even a brand name if there's one you prefer. This detailed work description forms a key part of any contract with a tradesperson. The other key element of a contract covers responsibilities, schedules and payments.

The best source of names is people you know, friends and neighbours who have had similar work done. You can look at the quality of the finished job and ask if they would recommend the contractor. Real estate agents, architects, and the manager of the local hardware or paint store may also be able to recommend tradespeople. Finally, you can consult the Yellow Pages. The local licensing body of each trade will be able to tell you if a particular contractor is licensed, and the record of your nearest Better Business Bureau will indicate whether any complaints have been filed against that person's name.

Ask the tradespeople to come by your building to look at the job. If they are too busy or just don't turn up, then strike them from your list. Provide each tradesperson you interview with a copy of the job description and ask for a written quote, which should specify the price and timing of the work.

If you are unfamiliar with the contractors or their work, you should ask:

- how long they have been in business;
- what experience they have in your type of work;
- for references from previous clients;
- for a list of their previous jobs that you can visit.

When you have received written quotations (try to get at least three), choose your contractor. Make your choice not only on the basis of price, but also consider experience, reliability and previous work. Also check on the contractor's liability and Worker's Compensation coverage. Remember, the lowest quote is not always the best. (Note: Rent Review requires three quotes and will look for the lowest quote in assessing the application.)

Attach a list of tradespeople to the back of your maintenance plan, or keep names, and other details in a source book, and guard it with your life. In it are the names of tradespeople who, through trial and error, you have found to be reliable and competent, and perhaps even moderate in their charges. The plumbers, electricians, boiler service mechanics, and roofers in these pages will get to know your building and its systems, and you will get to know them. If there is an emergency, even in the middle of the night, they will try to help. They are your resources — try to hold on to them by being loyal, talking courteously, and paying your bills promptly. At the same time keep them honest by comparing their costs with market rates. Becoming too dependent on any one contractor can result in higher costs.

Page from a source book of tradespeople

	Company	Contact	Telephone & Address	Notes
Appliance Service	***************************************			
Building Hardware				
Boiler Service				
Burner Service				
Brickwork				
Cable TV				
Carpet Cleaning				
Carpet Repairs				
Carpet Sales				

The following directory lists many of the trades involved in home maintenance and improvements. We have already discussed some of the general principles which you should follow in choosing and hiring a tradesperson. With each trade, there are also specific issues to be considered.

i. Air Sealing Contractors

- All air sealing should be performed on the interior of the building
 — exterior caulking is intended as a weatherproofing technique;
 durable caulks and weatherstripping materials will ensure a long-lasting job. (For further information about air sealing, see Chapter 7 on "Energy Conservation.");
- The contractor may test the building using a depressurizing fan.
 The fan test evaluates the leakage area of the building as expressed in square metres (or square feet). To provide a comparison, this can be done before and after air sealing has been carried out.

ii. Cabinet Makers

- Most work is performed in the shop and it's worth going by to look at types of machinery, work in progress, etc.;
- Question the amount of solid wood vs. veneer to be used, type of hardware, finishing materials, etc.;
- Pre-fabricated components are available and may be cheaper than custom-built units.

iii. Carpenter/General Contractor/Handyperson

- This will likely be the tradesperson you use the most, so take the time to find someone with proven skills and good references.
- Experienced general carpenters are also capable of many small straightforward jobs that fall within the bounds of other trades.
 They can fill the middle ground between maintenance jobs you can do yourself and larger projects for which you need a specialist. Related work includes minor repairs to masonry, concrete and asphalt, eavestroughs, soffit, fascia, roofing and flashing, exterior painting, interior painting and paperhanging, installing drywall, vinyl tile or linoleum, weatherstripping and insulation.

iv. Drywall Contractors

- Recommended installation procedures include: solid backing at all joints, use of drywall screws rather than nails, and three coats of plaster feathered away from joints.
- Ask about dust control and clean-up, especially if the work is to be done in occupied units.

v. Electrician

 Ensure that the contractor is providing proper advice on service panel upgrading; for example, not all buildings need 200 amp service.

- Ensure that the contractor is familiar with fire protection systems.
- An electrician should have a journeyman's or master's Certificate of Qualification as issued by the Ontario Ministry of Colleges and Universities.

vi. Exterminators

- Ensure that the products used will not have a harmful effect on tenants and pets.
- Exterminator's equipment should be capable of reaching inacces sible areas of the building.
- Exterminators should have a minimum Structural Class #3 licence from the Ontario Ministry of the Environment.
- Prevention is better than cure: ensure that garbage or other pest habitats are not allowed to accumulate around the building.

vii. Flooring Contractors

- Different flooring materials will demand different underlay materials foam underlay for carpets, good one-side plywood or underlay for vinyl flooring.
- Refinishing hardwood flooring should include replacing badly worn board, resetting nails, and sealing open joints; ask about finishing — number of coats, type of materials, etc.

viii. Tiling Contractors

- Ceramic tiles can be set in adhesive (thin set), but a cement mortar (thick set) is more durable; to reduce the risk of cracks, the subfloor should be properly installed and adequately supported.
- Ceramic tile tub surrounds can reduce wall moisture problems.
- Backer board for tiling on walls should be considered.

ix. Heating and Air Conditioning

- The contractor should be able to calculate heating loads, then recommend, install and service appropriate equipment.
- Contracts should specify the room temperature which the equipment must be capable of maintaining on the coldest day.
- Look for the contractor's registration with the Fuel Safety Branch of the Ontario Ministry of Consumer and Commercial Relations (Toronto, 239-2985) and affiliation with the Heating, Refrigerating and Air Conditioning Institute (HRAI) (Toronto, 239-8191).

x. Insulation Contractors

- Before quoting, the contractor should inspect the area for problems that might affect the insulation work.
- Before hiring a contractor, get names of a few of the contractor's previous customers and call them to check on work quality and any subsequent problems.
- Some contractors may be able to provide energy audits or thermo-scan records.
- Ask about the Energy Conservation Contractors' Warranty Program.

x. Masonry Contractors

- For repairs and replacement, ask how the work will be made to match existing masonry — type of pointing, pattern of stucco or plaster, colour of bricks.
- Ensure that the causes of spalling bricks, efflorescence, and other types of deterioration are treated; for example, a damaged chimney may require a liner or repointing of the exterior brick.

xi. Painters and Paperhangers

- Specify how the surface should be prepared and the number of coats to be applied; the materials to be used should be identified by manufacturer, type, brand name and colour.
- Standard guarantee for exterior work is 2 years.

xii. Pavers/Driveway Contractors

- For resurfacing, soft spongy areas should be removed to provide a firm base and rocks and weeds should be removed; the new surface should be at least 25 mm (1 inch) thick.
- Driveways should be sealed with either a good-quality bituminous, water-emulsion type of sealer or with a coal-tar sealer.
- Major repairs should require excavation and proper base preparation.

xiii. Plasterers

- Repairs should include removal of old plaster down to a firm base and application of scratch coat, top coat, and thin finish coat.
- For large areas where plaster is loose and in poor condition, alternative treatments are; mechanically fastening the damaged plaster to lath and applying a new top coat, or putting up new drywall.

xiv. Plumbers

 Many plumbers also service or install steam or water heating systems and do complete bathroom remodelling.

 Plumber should have journeyman's or master's Certificate of Qualification as issued by the Ontario Ministry of Colleges and Universities.

xv. Roofers

- Many roofers also do chimney repairs and work on eavestroughing.
- New flashing around all roof penetrations should be part of a reroofing job, as should edging, flashing and counterflashing at the junction of chimney and where walls meet flat roofs.
- Check the contractor's warranty on the job.

xvi. Siding

- Aluminum and vinyl siding are available from dealers on a supply-and-install basis; they come in varying widths to simulate clapboard.
- Ask about upgrading insulation levels at the same time as residing.
- Complete re-siding consists of properly sized siding sheets, corner strips and window trim to suit the age and style of the building; should also include new soffit fascia.
- Ask about warranties.

xvii. Window Contractors

- Look for good-quality seals and weatherstripping on operable sections of the window and a gap or at least 12mm (1/2 inch) between panes.
- Proper installation includes insulating and air-sealing the gap between window frame and rough wall opening.
- Weatherstrip and/or caulk before installing storm windows on the outside of old windows; this will reduce condensation on the inside of the storm.

xviii. Waterproofers

- Small isolated leaks and slow seepage can be corrected from the inside using hydraulic cement or water-resistant paint.
- Basements with major leaks must be repaired and insulated from the outside after the foundation wall is exposed. Methods include coating with asphalt or covering with polyethylene sheeting; perimeter drain tile should also be installed.

Hiring a Manager or Doing It Yourself

A large number of small landlords choose to maintain their own properties. The building will probably not demand full-time attention and this can be a satisfying part-time occupation.

However, there are a number of disadvantages:

- You may not be handy at fixing plumbing and repairing broken locks. Or you may just hate dealing with those kinds of problems.
 As a result, you would have to hire an electrician or a carpenter to deal with minor problems.
- You have to be prepared for telephone calls from tenants late at night or on the weekends, asking for help because the toilet has overflowed or the furnace has shut down. You are always on call for emergencies, unless you have a responsible person to take over while you are away.

An alternative to maintaining your own rental building is to hire a building superintendent. The person you hire will be able to do minor repairs, as well as carrying out regular maintenance, so that you are not bothered with day-to-day problems. For this service you will pay a flat fee, or you can negotiate a free apartment in your building, or a combination of the two, depending on how demanding the work is. Advertising in the daily newspaper is probably the best way to find a superintendent, unless you can get a recommendation from friends or colleagues. Ask for several references and do a thorough background check. Try to visit their home to see how they live.

Sometimes a superintendent's position includes functions often performed by a property manager — advertising for new tenants, selecting new tenants, preparing a standard lease (which requires your signature), collecting rent, and keeping the financial books. A professional property manager usually charges a fee based on a percentage of the gross rental income, between three and seven per cent. The more units, the more reasonable the rate is for this service. When the service is a one-time, unusual expense, you may be able to apply to Rent Review for a rent increase, provided the cost can be verified as both actual and reasonable. Of course, expenses like advertising, materials and specialized tradespeople's visits have to be paid on top of the fee. Professional property managers are listed in the yellow pages of the telephone directory, or you can ask your local real estate board to give you a list. A Certified Property Manager (CPM) will have completed courses on all aspects of the business.

The decision on whether to do your own maintenance and management or to hire a superintendent or property manager depends on your own desires and abilities, and the size and complexity of your property.

Tips from the Pro's

- Take advantage of bulk purchasing rates for cleaning materials by joining a landlord association or forming a landlord co-op.
- Get competitive quotes for any work that needs to be done.
- Pay your suppliers and contractors promptly.
- Learn from your tradespeople

 you may be able to to the job
 yourself next time.
- Hire out for the things you don't like doing.
- Check out the obvious before calling the service person.
- Stay up to date take courses, join an association and keep informed

A third option may be to hire a service to do some of the jobs you don't want or are not qualified to do, for example, heavy-duty cleaning or heating-system maintenance. The fact that you will not need to buy the tools and equipment to do that particular job helps to offset the cost. Also, some maintenance companies offer a 24-hour service guarantee, which might prove very useful. To get your furnace repaired at midnight by a company which barely knows you could be expensive, or even impossible.

The Residential Rental Standards Board

In most cases, tenants of inadequately maintained buildings can turn to their local municipality and a municipal inspector can issue a work order against the building. When that happens, the municipality automatically forwards a copy of the order to the Residential Rental Standards Board. The municipality can go to district court to enforce the landlord's obligation to maintain the premises in good repair and fit for habitation. In municipalities that do not have comprehensive by-laws concerning property standards, or where municipalities do not actively enforce their bylaws, tenants can turn directly to the Residential Rental Standards Board with a written complaint.

The Residential Rental Standards Board was set up in 1987 as part of the Rent Review system to ensure that all privately owned rental residential properties in the province are maintained to acceptable minimum standards of health and safety.

The Board members include people involved in tenant groups, landlord organizations, the building industry, inspection associations, the provincial government and municipalities.

The Board reviews orders received from municipalities to decide if major and on-going violations of minimum standards have occurred.

Examples of major violations include:

- structural problems;
- heating, ventilation and mechanical problems;
- health safety (including pest infestation and fire) and building security;
- plumbing and draining defects;
- electrical problems;
- exterior areas (e.g. refuse).

If a landlord refuses to bring a building up to the minimum standard, the Board will report the violation to the Ministry of Housing which may decide to suspend or cancel past or future rent increases.

In its definition of minimum standards, the Board touches upon such areas as these:

- Appliances and fixtures supplied by the landlord must be maintained in good repair.
- Common areas such as the garage and hallway must be lighted to ensure safe passage.
- Walls, ceilings and elevators must be free from dangerous holes, leaks, or decaying materials.
- The air temperature in rental units as well as the temperature of domestic hot water must be adequate.
- Except for unavoidable interruptions, light, heat, refrigeration, water and cooking facilities must be continuously supplied (unless the tenant is directly responsible for them and has not paid the bills).
- In a basement unit, the wall and floor must not be damp, and there must be a fire-resistant wall between the furnace and the rental unit.
- There must be sufficient ventilation to provide an acceptable air supply.
- Rodents, vermin and insects must be exterminated according to health regulations.
- In a boarding, rooming or lodging house, there must be at least one toilet, washbasin, and bath or shower for every five tenants, and access to them must be possible without passing through another tenant's rental unit or along an unheated corridor or outside the rental building.

Note that the regulations may require significant upgrading, particularly of older housing stock. If you are purchasing older rental property, you would be well advised to maintain a reserve account for this purpose.

Detailed guidelines will be available from the Board in 1988. The Board also advises and educates landlords and tenants in maintenance issues.

For further information, contact:

The Residential Rental Standards Board 777 Bay St., Toronto, Ontario M5G 2E5 (416) 585-7405 or 1-800-387-4451.

Insurance

Insurance is a vital safeguard in your business as a small landlord. Your insurance broker needs to know about your plans from the beginning in order to be able to tell you how much you will need to budget for insurance. The rules of liability are different for private home owners than for landlords. If you have rent-paying tenants in your own home, they may not be covered for injuries although your policy protects guests and relatives. The contents of your tenants' rental unit within your home — furniture, stereo, jewellery — may or

It is possible to buy insurance which will cover the income you normally derive from tenants if there is a fire or flood and your tenants move out. This may save your rental property for you if you depend upon the tenants' rents to cover the mortgage.

may not be covered by your policy. Tenants should be aware that

they are responsible for insuring their own possessions.

A good insurance agent or broker with experience in residential rental properties will be able to advise you on your needs.

Resources

Managing Single-Family Homes, by Barbara Kamanitz Holland, CPM, published by Institute of Real Estate Management, Chicago

Principles of Property Management, published by The Real Estate Institute of Canada

Property Management Reinvented, Mel A. Shear, published by Prentice Hall, N.J.

The Billpayer's Guide to Heating Systems, published by Energy, Mines and Resources Canada

The following publications are available from Ontario Ministry of Housing (see Chapter 2 for a list of regional offices): **Understanding Your House** The Water Resistant House Plumbing: Getting Water Where You Want It Wiring: Putting Power At Your Fingertips

Ontario Building Code and Ontario Plumbing Code can be purchased from: Ontario Government Bookstore 880 Bay Street Toronto, Ontario M5S 1Z7 or ordered by telephone at (416) 965-6015 If you are calling long-distance, dial toll-free 1-800-268-7540

Enquiries concerning the Ontario Building Code can be addressed to your municipal building department or to: Ontario Ministry of Housing Ontario Building Branch 777 Bay Street, 2nd Floor Toronto, Ontario M5G 2E5 (416) 585-6666

The Residential Rental Standards Board: information can be obtained by telephoning your local Rent Review office. The numbers of the 21 local offices are listed in Chapter 4. If you are calling long-distance, ask the operator for Zenith 9-6000 (toll-free).

The Better Business Bureau has offices across the province: for the number of the one nearest you, call the Better Business Bureau of Metropolitan Toronto: (416) 766-5744.

Renovation

ore than 60 per cent of Ontario's smaller-scale rental buildings are over quarter of a century old, and need more than simple maintenance, more than quick-fix solutions to serious problems. As a landlord you may own a space which you want to rent out to a tenant, or perhaps you already have a tenant living there. But the rental unit is unattractive and rundown, or it has inefficient plumbing and unsafe electrical wiring. What you are facing is the need for renovations. And renovations mean time, expense and mess: every landlord's nightmare.

However, renovations also mean higher rent. Renovations mean freedom from the fear of a law suit because bricks fall off the chimney and hit a passerby on the head. And renovations mean a more efficient building, with lower energy costs and problems solved before they get out of control.

A modernized, attractive apartment can be rented for a good price to tenants who will find it rewarding to keep it clean and attractive. Of course, rents would have to be established legally, under the Residential Rent Regulation Act. A shabby, old-fashioned apartment draws a lower price, and offers no incentive to the tenant to look after it or to stay for a long time.

Improving a rental property is different from renovating your own home. Instead of thinking about your own personal taste and the home you dream of living in, take two factors into consideration at every step: attracting and keeping good tenants, and keeping ongoing maintenance costs low.

The costs you are concerned with are both the up-front costs of the original renovation, and the on-going costs of maintaining the renovated area. Putting cream-coloured broadloom in the entranceway may lighten the hall, but it will have to be replaced frequently. Tiles in the entranceway rather than broadloom may be cheaper initially, will wear well, and can be just as attractive.

This chapter will take you through the major steps of a successful renovation, balancing current costs and future benefits.

1. Legal Obligations

First, there are legal obligations which you have to take into consideration before you begin to plan your renovations. In all, there are three government acts which may apply to you.

- A. The Rental Housing Protection Act
- B. The Landlord and Tenant Act
- C. The Residential Rent Regulation Act

The Rental Housing Protection Act is designed to preserve the existing supply of rental housing in the province. It regulates the demolition, renovation, conversion and severance of certain rental buildings. The reason is that low-income tenants are being squeezed out of the tight market for accommodation. Fancy, expensive apartments and condominiums will not solve their problems. The government hopes to decrease the current rental accommodation shortage by saving the older, smaller, and generally cheaper apartments now available.

In order to apply for approval to your local municipal council or city council, you should obtain the relevant form — for a conversion, renovation or demolition — from the local municipality. You are obliged to tell your tenants that you are making an application and provide them with a copy.

After you submit the completed form, it will take a minimum of 30 days before a hearing, because the council will arrange a public meeting to hear the application. Your tenants and neighbours may attend this meeting.

It is difficult to get your application for renovations approved if the current tenants have to vacate the building. And if you are applying to renovate 20 adequate, low-cost residential units in a single building, ending up with 10 high-cost, luxury apartments, your application is unlikely to be approved. If there is a shortage of affordable rental housing in the area, the council will be even more reluctant to permit renovations which will diminish the number of apartments or lead to greatly increased rents.

A) The Rental Housing Protection Act

Note: The Rental Housing Protection Act expires in June 1988, but the government has announced its intention of extending the Act to June 1989. For current information about the Act, contact the Ministry of Housing.

The Rental Housing Protection Act states that approval of your municipal council is required to undertake renovations or repairs if:

- the eviction of existing tenants is required, or
- the unit is now vacant but there have been tenants in the unit at any time during the previous year, and
- the renovation is so substantial that vacant possession is required.

Municipal council can only approve demolitions or major renovations when:

- similar accommodation is supplied for tenants who are dislocated, and the landlord guarantees to build replacement units, at similar rents, or
- the availability of affordable rental housing in the area is not negatively affected, or
- the building is unsafe and unfit for humans.

You do **not** have to obtain approval for renovations under the Act if:

- the property has four or fewer residential units (unless it is a conversion of apartments to condominiums, in which case size is irrelevant);
- the property is in a municipality with a population below 25,000 (unless that municipality is named in the regulations, which can be checked by phoning (416) 585-7527 or your local municipality);
- the renovations in your building have been ordered under the Building Code, the Fire Marshall's Act, the Planning Act or the Residential Rent Regulation Act;
- the building is being renovated or repaired under certain government housing programs: the Low-Rise Rehabilitation Program, the Residential Rehabilitation Assistance Program, the Non-Profit Housing Program, or the federal Cooperative Housing Program.

If the council rejects your application, you have 21 days to appeal to the Ontario Municipal Board. If the Board also rules against you, you can apply to the provincial Cabinet. However, remember that your tenants and neighbours can appeal **against** you if a decision is made in your favour.

The maximum fine for contravening the Rental Housing Protection Act is \$50,000, and a jail term of up to one year may be imposed. It is the landlord's responsibility to be aware of the law.

This act is covered in greater detail in Chapter 8 on "Landlord-Tenant Relations". Its relevance to renovations is that under the Act, you, the landlord, must give tenants at least 120 days' notice at or after the end of a tenancy period if you intend to do extensive renovations. The notice must comply with many technical requirements, so you should consult your lawyer. Notice to terminate must not be given before you have obtained a certificate of approval under the Rental Housing Protection Act. The renovations must be so extensive that they require a building permit and vacant possession of the premises. You cannot ask a tenant to move out because you are replacing the bath and painting the interior of the apartment.

The tenant may then inform you in writing that he or she wants the right of first refusal to rent the apartment again after the renovation. The rental after the renovation must be at the lowest rent that would be charged to any other tenant for the same apartment, and must be legal under the Rent Regulation Act.

The Residential Rent Regulation Act regulates rent increases that landlords can charge for apartments. (This act is discussed in detail in Chapter 4 on "Rent Review.") An important element of the Act is the establishment of a Residential Rental Standards Board, which is intended to ensure that all private rental residential units in the province are maintained to an acceptable minimum standard. Any additions or changes you make must conform to those minimum standards. Chapter 5 on "Maintaining Your Property" explains the minimum standards in more detail.

The Act is also relevant to this chapter on renovation because it affects the ultimate financial benefit you will derive from doing your alterations. If you spend money renovating your rental unit, you may be permitted to raise the rent more than the percentage allowed by the official guideline set each year by the Rent Review system. You must go through the legal process described in Chapter 4.

If possible, avoid doing major renovations during the first year after buying a property. In most cases, the cost of these renovations will be considered part of the purchase price and will not be considered in an application to raise the rents. However, you will have to do whatever renovations are necessary to conform to minimum standards. Under certain circumstances, you may be allowed to put in your application before the renovations are completed. Of course, the rent increase will be conditional upon completed renovations as described in your application. A successful application may help you borrow money to finance the renovations.

B) The Landlord and Tenant Act

Note: If there is a conflict between the Landlord and Tenant Act and the Rental Housing Protection Act, the Rental Housing Protection Act is given more weight.

C) The Residential Rent Regulation Act

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All of the renovations should be completed within a 12-month period, so that you only need to apply for Rent Review once, saving time and money.

You should obtain three written quotes from different contractors to prove the price you paid was competitive, and it is useful to have an engineer's report stating the need for repair in the building was caused by normal wear and tear, not by your negligence.

For more information on any of these three acts, contact:

The Ministry of Housing 4th Floor 777 Bay St. Toronto, Ontario M5G 2E5

Toll-free number: Ask the operator for Zenith 9-6000.

2. Planning

A) General Planning

First draw up a list of the most essential changes the rental building needs — such as new kitchen cabinets and counters, fresh paint throughout the interior, a more efficient furnace, copper piping.

Then make a list of the changes you would like to make, but which are not strictly necessary — such as replacing the baths, changing the light fixtures or installing air-conditioning.

The cost of doing the renovations in the first list is your essential cost. The cost of doing the renovations in the second list is optional. You can decide to do them only if you have enough money and if you think they will attract the kind of tenants you want and make them comfortable enough that they will stay on in the apartment.

Ball Park Budgeting — Contracted Costs								
Renovation	Cost Ranges	Comments						
Bathrooms:	3,000 - 6,000	Includes new fixtures, flooring.						
Kitchens:	7,000 - 12,000	No new appliances are included.						
Additions:	500 - 1,000 per square metre	Smaller additions will cost more per square metre.						
Total Renovation:	500 - 1,000 per square metre	Includes all new services, drywall, flooring, kitchen, bathroom, etc.						
Basement Finishing:	6,000 - 12,000	Includes drywall, insulating, windows and flooring						

B) Taking Stock

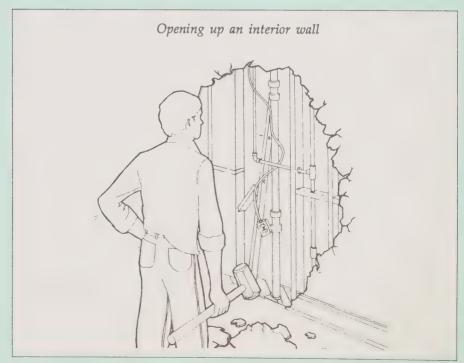
It's wise at this point to take stock of the structure and condition of your building. If you are going to do anything that might affect the supporting structure of your building, you may need expert advice. A building inspection service or, for larger properties, a consulting

engineer, can provide a useful, detailed picture of what changes need to be made to your building, and how much those renovations are likely to cost.

Will changes to the outside walls, such as additions, sliding glass doors, or window enlargements, affect the building structure? Are changes being made to interior walls by widening a doorway or removing a wall entirely? If so, have you investigated whether the wall is supporting the floor above? Are the wood joists of the floors strong enough for the changes you have in mind? When you tear down that innocent-looking wall, will you discover that it contains heating ducts, electrical wiring and outlets, plus the plumbing to the bathroom on the next floor?

In old buildings, you may be legally obliged to upgrade plumbing, electricity and heating services to current standards. Even if the building's services are not below official minimum standards, it makes a great deal of sense to cut future energy costs, often dramatically, by improving energy efficiency while you renovate. If you are putting up new drywall, you can take the opportunity to reduce future energy costs by insulating the outside walls. The next chapter is devoted to the subject.

It may be worthwhile to spend a couple of hours walking through your building with a professional. To hire a designer, architect or contractor on an hourly basis will cost from \$30 to \$90 per hour. You will find that you can pick up an astonishing amount of advice and information in only an hour or two.

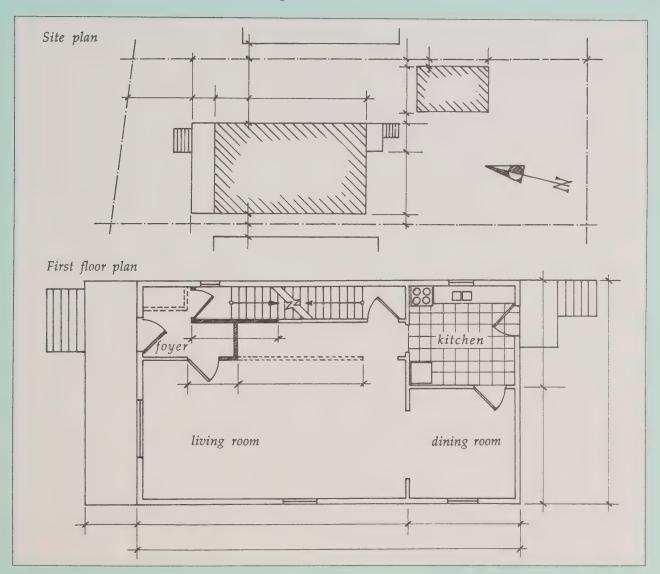


C) Detailed Plans

The next step is to draw up a detailed set of plans. You can hire a professional, such as an architect or interior designer, to prepare the plans for a fixed fee, or you can ask a contractor to do the same, or you can draw them up yourself if you feel qualified, perhaps with some help from an architectural student or draftsperson.

Depending on the scope of the renovation you are planning, you will need:

- a site plan
- floor plans
- elevations of the building exterior
- a cross-section of the building
- detail drawings
- written specifications



These detailed plans are necessary right from the beginning so that you can obtain realistic and competitive quotes from contractors. The package presented to each contractor should include enough details on the materials and construction techniques to be used to get you an accurate quote. If a contractor draws up the plans, it is best to buy them for a set price. Then you own the plans and can show them to other contractors to get competitive quotes.

The plans are also necessary to accompany your building permit application. The drawings should be detailed enough to answer any questions which the plan examiner might have. This reduces the likelihood of delays caused by incomplete applications and misinter-pretations.

3. Building Permits

Of all the steps involved in renovation, dealing with City Hall is one of the least understood. Many building owners fear that applying for the required permits will cause unnecessary and costly alterations to their plans, and that the process will create long delays. In reality, most permit applications are processed quickly, with a permit sometimes issued on the same day.

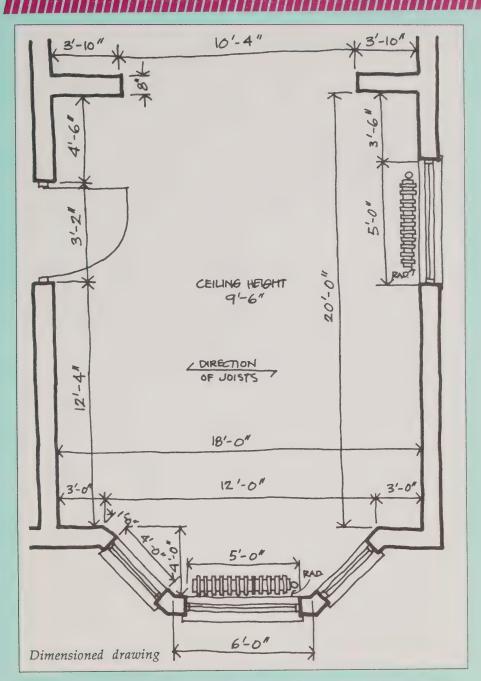
It's your responsibility to find out the law and take appropriate measures if it affects you.

If you don't know whether or not you need a permit, call the Building Department of your local municipality and ask. Describe your renovation and ask what the requirements are likely to be. If your question can't be answered over the phone, the Building Department will usually send an inspector to assess the situation, and to tell you what, the permit requirements are, if any. Take advantage of this opportunity to get advice on your job from the inspector. Once you get your permit, you will have further access to his years of experience. The inspector, whose advice is free, can often suggest more efficient and less expensive ways of reaching your renovation goals.

Generally, you need a municipal building permit if you're going to alter or add to a building, excavate or construct a foundation, or install plumbing, air conditioning, or a heating system. The specifics vary from municipality to municipality.

The permit is issued after your plans are checked for compliance with any zoning bylaws, the Ontario Building Code, and any other applicable law.

Generally, permits for interior renovations require only floor plans and a cross section. Work affecting the exterior requires floor plans and a cross section, as well as a site plan and elevations. These drawings should be drawn to scale and fully dimensioned (showing all distances).



There is a fee for the permit, usually around one per cent of the cost of construction.

If there is any difficulty with your application, you will be told how to reapply. The problem may simply be that a drawing or construction technique is not clear.

What follows is a list of important permits and processes you should know about. Although in many cases the architect or contractor will handle this part of the job, you are ultimately responsible. Failure to follow the prescribed procedures could mean a stop-work order or even an order to demolish the work already completed.

To get a building permit, you need to conform with:

- A) Local bylaws and zoning regulations;
- B) The Ontario Building Code, which deals with the building's structure and fire and safety concerns;
- C) The Plumbing Code and other specific codes.

All municipalities have local bylaws and zoning regulations to control the use of land. Some of these, such as how close to the lot line you can build or how large your building can be, may conflict with your plans. Note that bylaws may not allow you to have more than one family living in a rental property.

You may require municipal approval if your plans don't comply exactly with zoning bylaws requirements. For example, the problem may be in meeting minimum setbacks from property lines or exceeding the allowable square footage of the building in relation to the lot size. If a minor variance is required, then you need to apply to the Committee of Adjustment.

- The municipality will inform your neighbours of your application. Therefore, it is wise to talk to your neighbours and try to get their support, either in writing or by attending the hearing to speak in support of your plan.
- Get a preliminary inspection report from the building plan examiner at your municipal office, and make sure all possible items involving variances are covered in your application to the Committee of Adjustment. It costs \$100 (1987 cost) each time you appear at a Committee of Adjustment hearing in Toronto, with similar costs elsewhere.
- You have a 30-day appeal period following the Committee of Adjustment decision; during this time, you, or any other interested party, can appeal the decision to the Ontario Municipal Board. No construction may be undertaken during this period.
- On average, more than 80 per cent of requests are approved.

The Ontario Building Code deals with building structure and details the fire and safety regulations for various sizes of rental buildings, such as smoke detectors and means of exit. These are detailed in Chapter 5 on "Maintaining Your Property." If you are turning a single-family home into a multi-unit dwelling or adding a third storey, you may need to conform with stricter regulations and it is best to find these out in advance.

Part 11 of the Ontario Building Code is a new section which sets out compliance alternatives for residential renovations and the conversion of other buildings to residential use.

A) Local By-laws and Zoning Regulations





To find out whether you are required to use the services of a professional engineer or architect during your renovation, call your municipality.

These services are usually required if a residential building is more than 3 storeys high or bigger than 600 metres square.

Alterations to your plumbing, heating, or wiring require a permit. The plumbing permit is issued at your municipal office when you get your building permit. Electrical permits are issued by your local Ontario Hydro Electrical Inspection Office. These permits are usually arranged for by the tradesperson who has contracted to do the work in your building.

C) Plumbing, Heating and Electrical Permits

Municipal Inspections

Your renovation is going to be inspected at specific key points by an inspector whose primary concern is safety and secondary interest is quality. The inspector's job is to ensure that you are carrying out the work in accordance with the Building Code and your approved plans. It is your responsibility to call in the inspector while the work to be inspected is still visible. If there is not adequate access to wiring because the new insulation or drywall covers it, the inspector is quite likely to order the insulation and drywall removed. The inspector usually requires 24 to 48 hours' notice of when to visit. Your contractor should be responsible for calling the inspectors. If you are supervising, try to anticipate the work schedule. If you know the plumbing will be complete by Wednesday, call on Monday and arrange an appointment. Otherwise, you will lose a day or two simply waiting for an inspection before you can continue.

The Building Inspector may make approximately four specificpurpose visits, and may drop in in between those visits for an interim check. Before you start work, find out what inspections will be required.

- For new additions, an inspection will be required after the footings and the foundation wall are poured and before the excavation is backfilled.
- An inspection will be required when any new framing is complete; in other words, when the frame is up, the roof is on and shingled, and the windows and doors are in place. The interior must be left exposed so that the structural elements can be inspected.
- An inspection required after the insulation is installed can sometimes be combined with the structural inspection just mentioned.
- When all the work is finished there is the final inspection, to confirm that the work was done as outlined in the plans.

The Plumbing and Heating Inspectors, like the Building Inspector, are contacted through the Building Department at your municipal offices, and often the Plumbing Inspector is the same person as the Heating Inspector. A plumbing inspection is arranged after the roughed plumbing is installed and capped, ready to receive the fixtures. A heating inspection is carried out after the duct or pipe work is roughed in, and also upon installation of the heating unit.

The Electrical Inspector, who is contacted through your local Ontario Hydro Electrical Inspection Office, is generally called in twice, once when the wiring to the outlet boxes and back to the main panel is complete (but before the walls are finished), and again when everything is finished and connected.

5. Working with Contractors

How badly does your rental property need renovating? If the building is sound and needs only some modernizing and brightening, you can hire a painter, an electrician, a kitchen cabinet installer or even do some work yourself. If there are structural problems and you need to move walls or re-direct much of the plumbing, it is probably best to hire a general contractor.

General contractors coordinate the entire renovation, while subcontractors work in one specific trade, such as plumbing or drywalling.

A general contractor should have years of experience and skill as an organizer, diplomat, supervisor, and taskmaster and can ensure that the job is done on time, on budget and with proper quality control. Your contractor must be organized, competent, and good with people — particularly with you! A general contractor works to the plans and specifications, chooses the subcontractors, makes sure both tradespeople and the proper materials are on site when required, and supervises the work. Even a relatively small project, such as a new kitchen or bathroom, can require the coordination and supervision of four or five subcontractors (cabinet installer, plumber, electrician, tile setter, carpenter, and painter). A larger job can sometimes involve a dozen or more different subcontractors, all of whom need direction and coordination.

A general contractor knows which tradespeople are reliable and competent. The general contractor works with them regularly and can get good, dependable service. The contractor will also be familiar with City Hall and its procedures.

You may be tempted to deal with subcontractors directly, especially if you feel you know the job and can handle it well. This can give you more control over the quality and may cost you less, in theory at least, because you won't be paying the general contractor's salary. On the other hand, if you're not realistically prepared for the work involved, it could actually cost you more. An inexperienced handyman often pays more for materials, gets poor bids from subcontractors and makes mistakes in design or scheduling that cost both time and money.







A) Choosing a Contractor

A compromise is to hire a contract manager, who will supervise the subcontractors for you for a fixed fee. In this situation, you pay the subcontractors directly.

Choosing the right contractor may well be the most important factor in a successful renovation project. There are several steps to follow in selecting a contractor:

- Ask friends and colleagues whom they would recommend.
- Call any trade association. Homebuilder associations either local or provincial — will be able to provide a list of reputable firms in your area.
- Look in the Yellow Pages of the telephone directory.

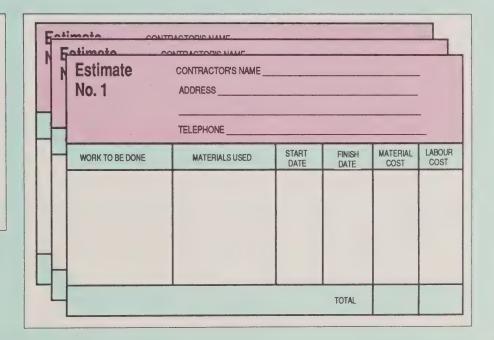
Once you have a list of contractors, use these criteria to choose one:

i. Price

Make sure that all the contractors are giving you a price for the same thing. Without clear instructions, one contractor's bid may suggest an entirely different finished product than another's. One bid may be 10 per cent less than another simply because of the contractor's use of a lower-priced (and lower-quality) window. Keep a clear record of the various contractors' estimates. If the contractor gives you a written estimate, check that the important details are included. Otherwise, you can draw up your own forms for comparison, fill them in and ask the contractors to sign.

Of course it is tempting to hire the contractor who offers the lowest price. While this practice often rewards the contractor who is more productive and competitive, the lowest bid is not always the best one. A low bid may mean:

- a misunderstanding of the work being quoted, or
- poor quality workmanship and materials.





ii. References

Ask to see another, similar job the contractor has done. Phone previous customers and ask them to be honest about their experiences. Was the contractor reliable? trustworthy? helpful? Were the subcontractors good? Was the job done on budget and on time? How were disputes resolved?

iii. Record of Experience

Renovators who are serious about their businesses will have certain credentials which place them above the more transient operators. While a list of associations, affiliations, and licences does not guarantee that a contractor is the right one for you, it suggests that the company's books and track record are in order.

Contractors who have been in business for a long time demonstrate a high level of stability by that very fact. Of course, many newer firms are equally competent. Check the record of your contractor with the Better Business Bureau and with your municipal licensing agency.

iv. Licenses and Insurance

Contractors who solicit business or sign contracts in the home (as opposed to in a retail store or showroom office) are required to be registered and bonded under the provincial Consumer Protection Act. When the contractor has posted the necessary \$5,000 bond, you have some assurance of the work's completion, or access to the \$5,000 if the contractor defaults.

A contractor's registration status can be verified by contacting the consumer services branch of the Ontario Ministry of Consumer and Commercial Relations in your area.

Contractors should also carry comprehensive insurance policies as protection for their business and your home. The policy should include the following: public liability, property damage protection, and coverage of any damage which might become evident in the first year after completion. You might check with your own insurance agent to make sure there are no "gaps".

v. Familiarity

Contractors are often creatures of habit. Choose one who is familiar with the type of work you are proposing. One who usually works on much bigger or much smaller jobs may not be the right person for you. Make sure that the contractor is used to subcontracting and has good contacts in the plumbing, electrical and carpentering trades.

vi. Availability

Although you might be suspicious of a contractor who has too much time available, you do not want to hire someone who is over-booked and does not turn up for a day here or a week there because there's an urgent job to finish elsewhere. Find out what the contractor's schedule is.

vii. Personality

Do you feel comfortable with the contractor? Does heor she listen carefully when you explain what you want? If the contractor annoys or irritates you in a simple business interview when there is no pressure of time or money, what will happen when there are disagreements during the renovation?

Regardless of the relationship you develop with your contractor, any agreements and understandings must be written down and signed by both you and the contractor.

For smaller jobs, the contract does not need to be a complicated document, but it should cover the items listed below. If it is in the form of a letter, it should be marked "agreed", signed by the contractor, and returned to you.

As the value of the proposed work increases, so should the amount of detail in the contract. For larger renovation projects, a complete and thorough contract should be prepared, and it should probably be reviewed by your lawyer.

Wherever possible, get a "fixed price" contract. You are then buying the renovation at a predetermined price. This requires a detailed description of what you want, with drawings. This may include demolition, landscaping, finishing work, removal of debris, etc. Even so, if something unforeseen arises, something that the contractor had no way of knowing about, it is quite reasonable to negotiate for an "extra". Some people prefer "cost-plus" contracts, which means you pay for labour at an hourly rate, plus materials and an overhead charge. However, you should still set an upper limit on the job.

While there's no such thing as a standard contract, Ontario's Consumer Protection Act lays out specific items which must be included in every contract to ensure its effectiveness:

- Your name and address and that of the contractor. The contractor should state the company's full name, telephone number, and the name of the signing officer.
- A detailed description of the work to be performed under the contract. This is best accomplished by including building plans and specifications as part of the contract.
- An itemized price of the contracted work and the terms of payment.
- A statement of any warranty or guarantee on the work to be performed.
- Signatures of both parties, with each retaining an original signed copy of the contract.
- Specific dates for starting and completing the work.

B) The Contract

For larger renovations, some other clauses should be incorporated into the contract:

- A statement naming the person who will obtain all necessary permits.
 These might include demolition, plumbing, electrical, and of course, building permits.
- A statement that all work will be performed in accordance with plans and specifications and with local building codes.
- A statement of the contractor's public liability and propertydamage insurance, and coverage of employees and sub-trades under the Workers' Compensation Act.
- A statement that the contractor is responsible for maintaining a clean site, and removing all debris as soon as construction is completed.
- A statement naming the person (usually the homeowner) who is responsible for providing the contractor and sub-trades with access to the property, and power, water, washrooms, etc.

Some clauses and inclusions in your contract are more likely to lead to problems than others. The major disputes which arise between the contractor and the homeowner usually involve one of these three trouble areas:

- i. starting and completion dates
- ii. payment schedules
- iii. what was and/or wasn't included in the contract

i. Starting and completion dates

You should specify start and finish dates in your contract to protect your interests. But you should also realize the contractor's difficulties. Bad weather, the unavailability of materials, and a host of other unforeseen problems can keep the contractor from completing and even from starting the job on schedule. These delays are easier to justify than those caused by overbooking, poor scheduling, or ignorance of the requirements posed by the work. As general policy, your first payment should not be made until work begins on your project. Even then, this payment should not exceed 10 per cent of the contracted amount. In some cases, where custom orders are being placed, an earlier down payment may be required.

ii. Payment Schedules

A payment schedule should be listed in the contract and should be based on work actually done, not on predetermined dates. Do not make your final payment until the last detail of the work is complete, or the last inspection has been made by your building inspector.

The Construction Lien Act requires that 10 per cent of each payment to the general contractor be held back by the homeowner until 45 days after completion of the work. This protects you against a lien which may be placed against your property by a sub-contractor who







has not received payment from the general contractor. A lien is a legal claim which prevents you from selling or mortgaging your property until the issue is resolved and the lien withdrawn. If no claim has been registered after 45 days, you can then pay the holdback to your contractor.

iii. Being Specific in the Contract

The contract and specifications should be as detailed and specific as possible. If you say oak kitchen cabinets, the contractor may think you mean oak veneer, while you are really expecting solid oak.

If you make any changes after the work has started, determine the exact costs and any changes in timing and get it all down in writing. Do not accept a verbal agreement.

Although you have tried to prepare for contingencies by carefully choosing your contractor and by writing a detailed contract, difficulties may still occur. If you have persistent problems in getting your contractor to live up to your interpretation of the contract, several measures are available to you. It is a good idea to seek advice from a lawyer or knowledgeable friend first.

You can send the contractor a registered letter outlining your complaint and your demands. This letter should state the measures you will take if the contractor doesn't comply — withholding payment, hiring another contractor, and requesting the return of any downpayments are among your options.

You can also register your complaint with an official body, sending a copy to the contractor. Larger municipalities have business licensing agencies and a Better Business Bureau office. Each of these bodies is responsible for tracking the performances of contractors. They will first attempt to find a resolution to the dispute. Only if that fails will they mediate a settlement. Most contractors will cooperate in trying to resolve the problem before this process is initiated.

The Business Practices Division of the Ministry of Consumer and Commercial Relations administers the Business Practices Act. The Act clearly defines unfair business practices and sets out a straightforward method by which you can claim redress if you are the victim of an unfair business representation. In such circumstances, the Business Practices Act gives you the legal right to:

- Ask the business to terminate the contract.
- Ask a court to rescind the agreement if the contractor refused to.
- Ask the Ontario Ministry of Consumer and Commercial Relations to mediate the dispute. (Contact their Consumer Services Branch in your area.)

Finally, you can take the issue to court, which usually means seeing your lawyer. If the money involved is less than \$3,000 in Toronto, or \$1,000 in the rest of Ontario, you can use the Small Claims Court. This is a more informal hearing and you do not need a lawyer.

C) If Things Do Go Wrong



CONTRACT

	Between the owner:
	And the contractor:
	Subject property:
Th	e Contractor Shall:
	Furnish all labour, materials, supervision and services to carry out the work detailed in the attached plans and specifications (to be initialled by the contractor and the owner) at the above address. Maintain full public liability and property damage insurance covering the above work.
3.	Obtain and pay for all necessary building permits, licences and certificates demanded by the municipal or provincial regulatory authority and give copies to the owner before work is started.
4.	Maintain Worker's Compensation coverage on all employees as required by provincial law, and assure that all subcontractors maintain such coverage on their employees.
5.	Acknowledge the right of the owner to retain a mechanics' lien holdback as specified by provincial law.
6.	Do all work to the requirements of the applicable building codes or CMHC standards.
	Be responsible for the work carried out under this contract by any subcontractors he may employ. Agree to start the work within 10 days of the signing of this contract, and to complete it not later than 60 days after the work has started.
9.	Remove all construction debris from the property upon completion of the work.
	Warrant the work and materials for a period of one year from date of completion, and during this time will repair any defects immediately upon receiving written notice from the owner. This warranty does not replace the following manufacturer's warranties on materials and equipment (details to be included or attached).
Th	e Owner Shall:
11.	Be responsible for assuring that the property meets municipal zoning bylaws and, if necessary, that special permission has been obtained from the appropriate authorities for the work covered in this contract.
12.	Provide the space and freedom of movement on the property for the contractor's employees to do their jobs.
13.	Pay the sum of \$ to the contractor, subject to clause 5 above, as follows: \$ when the work is % completed, \$ when the work is 100% completed.
Signed	
3-2	Contractor Owner
Date	



6. Financing

Money is at the root of most renovation problems. Poor money management means cost overruns and difficulties in arranging financing and in meeting payment deadlines. Several general rules will help you to work through the delicate procedures of costing and financing your renovation.

First, make sure that you are aware of all the financial implications of the proposed renovation. On the one hand, you can probably expect to get a higher rental for your units and the building may have an increased resale value. If you have made the building more efficient with increased insulation, your energy costs may decrease.

On the other hand:

- You may not be permitted by Rent Review to raise the rents high enough to cover the renovation costs. (See Chapter 4 on "Rent Re view.")
- Your building's assessed value may increase, with some increase in property taxes and insurance premiums.
- You may have difficulty in selling a converted multi-unit building if most buyers attracted to that neighbourhood are interested in single-family dwellings.
- Your operating costs for heating may actually increase if you have expanded the building's area.

These factors have to be weighed to decide what renovations make sense.

Paying cash for renovations is an option not open to most of us, so we have to borrow the money. In Chapter 3, there is a detailed section on borrowing money to buy or renovate a rental property.

The building you own is often the key to making the financial arrangements for a renovation loan. Most lenders will require you to maintain a minimum of 10 per cent equity in your building. This means that 10 per cent is not borrowed but has been paid with your own cash.

Always arrange for more financing than you think you will need. When you have finished preparing your detailed budget, add 20 to 25 per cent to the final figure for any contingency which might arise. This may seem high, but it will help cover unforeseen circumstances, such as the discovery of rotting wood when you open up a wall. It will also help to cover the cost of any changes or additions that you decide on after the renovation has already started. Don't forget to include all the costs of renovation — if you are adding an extra room, you will need light fixtures and perhaps broadloom or hardwood flooring.

A) Getting a Loan

Renovation loans may be granted in two stages. The first stage is bridge or progress payments, granted as each stage of the renovation is completed. The second is a straight loan, granted on the completion of the renovations. Because it is based on a new appraisal of the renovated building, it is usually lent at a more favourable rate and issued to repay the bridge payments.

B) Making Use of Financial Assistance Programs

There are several plans set up by the government to encourage the small landlord, designed to give you financial help in creating rental units.

i. Low-Rise Rehabilitation Program

Between 1987 and 1990, forgivable loans of up to \$5,000 per unit are available to landlords to help them upgrade old rental buildings. The buildings must have been built before 1960 and must have fewer than five storeys and at least two rental units. Rooming houses are included under the program.

Two-thirds of the cost of **essential** repairs required to bring the building up to minimum standards may be granted. So this program will not pay for you to install marble tile, but it may help if the electrical wiring is dangerously out of date.

Provided you satisfy the conditions of the program, you do not have to pay any money back — either principal or interest. The full amount of the loan is considered outstanding for the first five years. After that, the loan is "forgiven" at the rate of 10 per cent per year. This means that the amount you owe is reduced by 10 per cent each year until it reaches zero, even though you make no payments. These conditions must be satisfied:

- You, the borrower, continue to own the property, and keep the units as rental apartments; and
- You are willing to attend any management or technical training program the Ministry thinks is necessary, and you are willing to provide information to help evaluate the Low-Rise Rehabilitation Program.

You also have to be willing to keep disruptions to your tenants to a minimum during the repairs.

Landlords with buildings of 10 or more units may be asked to offer 10 per cent of the units to the Rent Supplement Program, under which low-income tenants pay rent based strictly on household income and the Ontario Housing Corporation pays the balance, up to an economic rent for the area.

Under the same program, an additional forgivable loan of up to \$5,000 per unit is available to make the apartment accessible for disabled tenants. Even if your building is not sub-standard and therefore does not qualify for a loan for essential repairs, you can still apply for the loan to modify the unit for disabled tenants.

This program does not function in every municipality. Call your local municipal building department for more information and an application form.

ii. Convert-to-Rent

This program offers interest-free loans of \$7,000 per unit for the conversion of part of the landlord's own home into a rental unit, or the conversion of non-residential buildings into residential units. The program offers an additional \$5,000 loan per unit when the conversion includes modifications for the disabled.

These are the kinds of projects that would be eligible for the loans:

- Converting part of the single-family home in which you are living to create a self-contained rental apartment. (A self-contained apartment has its own private bathroom and kitchen facilities.)
- Converting the garage or storage area of the single-family home in which you are living into a self-contained apartment.
- Converting non-residential property, such as rooms over a retail store, or an office, a warehouse, church or school, into selfcontained apartments.
- Converting a part of a building which is not a single-family residence (for example, the rooms above a store) into non-selfcontained units. One loan is available for every two such units, that is, to living space for two bedrooms, which share a common living room or kitchen or bathroom.
- Converting non-residential space into hostel-type accommodation.
- Adding new rental construction to a non-residential building or an existing housing project.

Not eligible for loan assistance are new construction on a vacant site and changes made to units which are already residential units.

The loan is interest-free for 15 years. You make no payments for the first 10 years. Repayment of the loan principal commences in the eleventh year in the form of equal monthly payments over the next five years. The units must remain as rental accommodation for at least 15 years. Otherwise the loan is repayable immediately in full. Projects receiving other government funding will generally be ineligible.

Landlords with many units in their building may have to offer up to 25 per cent of their units to the Rent Supplement Program, under which low-income tenants pay rent based on household income and the Ontario Housing Corporation pays the balance, up to an economic rent for the area.

For further details, contact your nearest Ministry of Housing Regional Programs office. (Addresses and telephone numbers are given at the end of Chapter 2)

iii. Residential Rehabilitation Assistance Program

This federal program provides loans to landlords to bring residential units to a minimum level of health and safety, as long as the units are rented out for rents below market value for a period of 15 years.

If your property needs major repairs, you may be eligible for a loan to help cover the costs for materials, labour, legal fees, financing costs, building plans and permits. The loan can be up to \$17,000 per self-contained rental unit or up to \$8,500 per hostel bed. The loan is forgivable at the rate of 1/15 per year (e.g. \$1,000 per year for a loan of \$15,000), so that the entire loan is forgiven at the end of 15 years.

The size of the loan you will be granted depends on the relationship between the rents you are charging and comparative market rents in the area. For 15 years after the renovation, you will be required to seek approval for annual rent increases and the rent will have to stay below market rates.

iv. Ontario Hydro

Renovations that improve energy efficiency may be eligible for loans arranged by Ontario Hydro. These are detailed near the end of Chapter 7 on "Energy Conservation."

Financial assistance programs change periodically. If you have plans for a conversion or essential repairs, call the Ministry of Housing, Canada Mortgage and Housing Corporation and your local municipality for upto-date information on new financial assistance programs.

You should be aware that costs paid by government programs are not generally eligible under the cost-pass-through provisions of Rent Review.

Resources

You are not eligible for this

other on-going federal or provincial housing subsidies, or

if the property is a hotel or

hospital. Contact your local

more details. (Addresses and telephone numbers are given at

the end of Chapter 3.)

Canada Mortgage and Housing Corporation (CMHC) office for

program if you are receiving

Plans, Permits and Payments, published by the Ontario Ministry of Housing

For further information about renovating your rental property, contact your nearest Ontario Ministry of Housing Regional Programs office (see Chapter 2 for addresses and telephone numbers), or contact:

Housing Conservation Unit Ontario Ministry of Housing 777 Bay Street, 2nd Floor Toronto, Ontario M5G 2E5 (416) 585-6514

Ontario Renovation Information Centre 16 Howland Avenue Toronto, Ontario M4K 2Z6 (416) 461-7577

Ontario Building Code and Ontario Plumbing Code can be purchased from:
Ontario Government Bookstore
880 Bay Street
Toronto, Ontario
M5S 1Z7
or ordered by telephone at (416) 965-6015
If you are calling long-distance, dial toll-free 1-800-268-7540

Enquiries concerning the Ontario Building Code can be addressed to your municipal building department or to: Ontario Ministry of Housing Ontario Building Branch 777 Bay Street, 2nd Floor Toronto, Ontario M5G 2E5 (416) 585-6666

The Better Business Bureau has offices across the province: for the number of the one nearest you, call the Better Business Bureau of Metropolitan Toronto: (416) 766-5744.

Renovation

Energy Conservation

ne of your main expenses as a landlord will be energy costs. A typical older two- or three-storey apartment building might have yearly utility costs of \$750 or more per unit, which the landlord may or may not share with the tenants. The heating cost alone can be 20 per cent of a building's total operating costs. But it is not only the monthly heating and electricity bills that you will have to pay. There are also the long-term effects of heat, cold, air and water on your building.

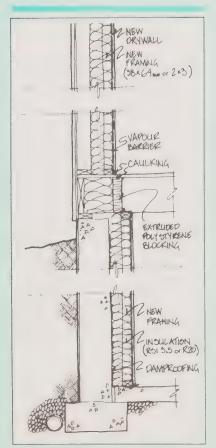
You can prolong the life of your property by conservation — conservation of the physical structure, conservation of the services or systems throughout the building, and conservation of energy. This chapter is about sensible, economical ways to improve your energy efficiency.

On a personal level, your tenants will be more comfortable in a building which is energy efficient. Reduced air leakage and well-insulated walls will eliminate cold drafts and cool spots in the building. Winter humidity levels will be higher because moisture will be retained in the building, and the extra insulation will also cut down on noise carried through the walls and windows. In summer, the effect is reversed and the building is cooler.

If you are thinking about renovating your building, consider improving its energy efficiency at the same time. Once you are opening up walls and creating dust and confusion anyway, it is practical to piggy-back energy conservation measures on top of planned work. Even the smallest renovation may give you an opportunity to improve your building's energy efficiency.

The most important thing to remember when planning energy conservation measures is always to see the building as a system. If you make changes to one component — the heating system, for example — you can affect the other components — like air leakage or ventilation. Many over-eager energy conservationists have made the mistake of sealing a building nice and tight, without regard for ventilation, ending up with major mould and mildew problems. Saving energy is only part of the goal; the other part is to make the building comfortable, so that your tenants want to stay in it, and healthy, so that you don't have major costs down the road.

1. Inspection



Cross-section of exterior wall after renovation

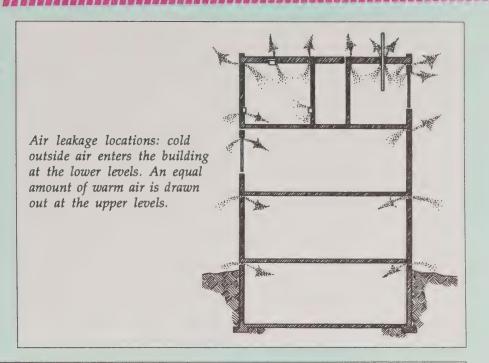
The first step is to take stock of your building. Ask the previous owner or consult your own records to find out what the heating bills have shown over the last five years. Have they remained steady? Gone up or down? Energy costs have a tendency to rise rapidly, following the whim of the latest energy prices or the deteriorating condition of an aging building. What did the most recent efficiency test on the furnace reveal? What levels of insulation do you have in the walls? In the all-important roof and basement? What about electricity?

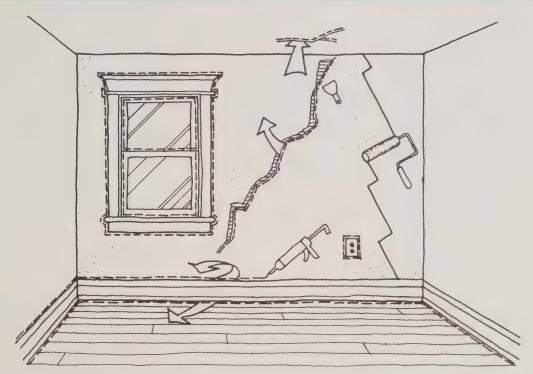
Ontario Hydro will assist you with a free analysis of your building's energy efficiency through the Residential Energy Analysis Program and the Heating/Cooling Analysis Program. Most municipal utilities will send out an inspector to check insulation, air leaks, storm windows, and wiring in easily accessible areas, give advice on the capacity of the electrical service and how to change to electrical heating, and run a computer calculation of the building's heat loss to determine the appropriate size of furnace and air conditioning unit needed.

However, most of the weak points in your building's energy efficiency are easily detectable on your own, following the steps for inspection outlined in Chapter 5 on "Maintaining Your Property".

A building loses heat in a variety of ways, depending on its age, type, condition, and how it is operated. The largest single source of heat loss is usually uncontrolled air leakage. The goal is to identify and block energy escape routes. You can do this by sealing carefully and adding efficient insulation and air-vapour barriers.

2. Sealing





Interior air sealing locations:

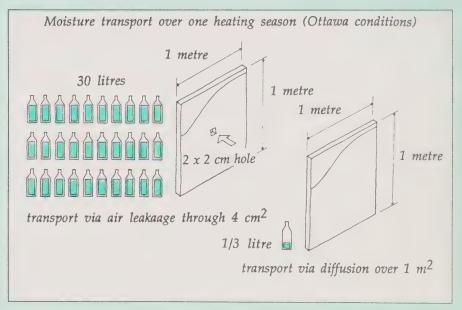
- hairline cracks in plaster
- wide cracks in plaster
- wood trim

- floor boards at perimeter wall
- electrical outlets
- paint exterior wall with vapour-retardant paint

Air leaking into a building through cracks and vents and around windows and doors accounts for 25 to 40 per cent of the heat loss in a single-family house. Under normal conditions, that house will experience a complete air change every two hours. On windy days, the air change can take place every hour. Generally speaking, the older the building, the greater the rate of air leakage. A building's heating system works overtime if it has to heat cold air constantly leaking in through cracks. Sealing and weatherstripping can reduce fuel bills by 10 to 20 per cent.

Reducing the air leaks also stops cold drafts and makes the building much more comfortable for the tenants.

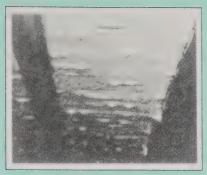
Air leaks in easily-accessible areas are quite simple to detect. Walk around the building on a windy day and run the back of your hand around doors, windows, electrical outlets, vents and pipes to the exterior. Or hang a piece of tissue from a coat hanger and check for drafts blowing the paper. For best results, check the west wall when the wind is from the west, the south wall when the wind is from the south, and so on.



It is important to stop air leaks **before** you insulate. In most buildings, warm moist air escapes from the interior into the attic through tiny cracks, holes for plumbing and electrical fixtures, and other openings. Some of this moisture condenses and freezes in the attic.

When insulation is added to the attic without first plugging the cracks and holes, warm, moist inside air continues to enter the attic. The added insulation only further lowers the temperature of the attic space. Because the colder air cannot hold as much moisture, more water vapour condenses and freezes in the attic. A large amount of frost build-up can cause serious problems when it melts in the spring.

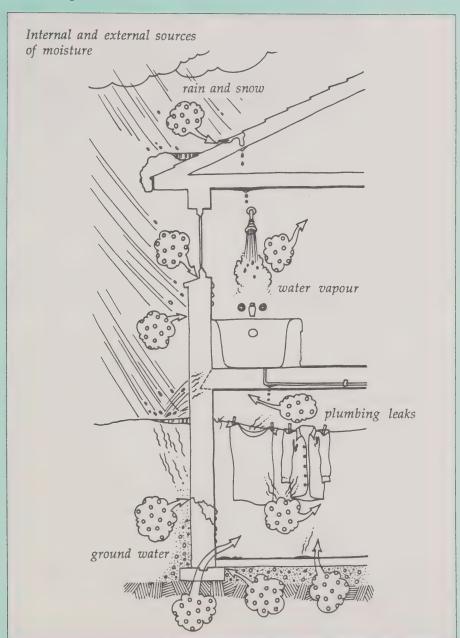


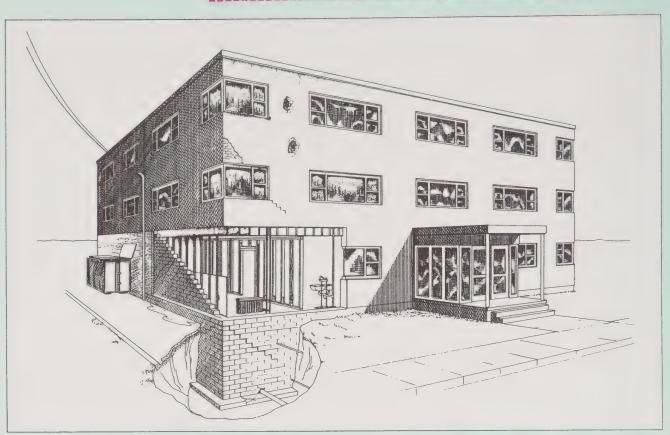


Frost build-up in attic as a result of air leakage from the heated space below.

Subsequent damage could include ceiling collapse.

Buildings with flat roofs are subject to the same problems with condensation as pitched roofs. In addition, a flat roof often has a gap around the perimeter, where the joists sit on the walls (rather like the gap at the sill plate around the basement). This is usually not sealed, and is often only barely covered by the flashing or siding on the outside. The situation is even worse where the roof covering is corrugated metal: air flows in and out of the building along the corrugated channels. Sometimes these channels are stuffed with fibreglass insulation, which does not provide any protection against air and vapour flows.





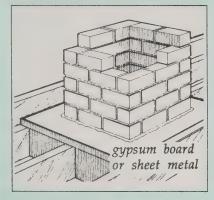
Problems caused by moisture or settling can include rotten wood, blistering paint, efflorescence, spalling, loose, cracked or crumbling mortar, foundation cracks, drywall damage, discolouration and staining, mould, excessive condensation, standing or running water, basement leaks.

Choose good-quality materials so that you don't have to re-seal again in a few months or years. Weatherstripping is used in moving joints, such as windows and doors, and it should be able to withstand a constant stress. Caulking is used around baseboards, electrical fixtures and outlets, chimneys, plumbing and vents. Caulking materials should remain elastic and not dry or crack. Resin- or oil-based caulking materials are generally a poor choice as they break down quickly. Silicone sealant, although expensive, has proven to be the best choice in most instances. Acoustical sealant is an inexpensive substitute for silicone wherever the caulking job is out of sight and touch. Spray cans of foam are useful where there is a wide crack to be filled.

Both weatherstripping and caulking materials are available at building suppliers.

A) Attic

Sealing around chimney



B) Attic Hatch

C) Basements

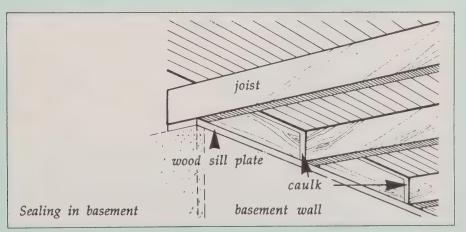
When working in the attic, place two or more boards over the top of the joists to form a walkway. Do not step between the joists; the ceiling below will not support you. You should also wear gloves and a mask.

- Pull back the insulation where necessary to locate cracks formed along interior walls. If the attic contains loose insulation, sweep it aside. Seal the cracks with caulking compound and carefully replace the insulation.
- Carefully caulk around the holes for electrical wiring and seal around electrical boxes.
- Use caulking compound and a 6 mil polyethylene sheet to seal around plumbing vents where they pass through the attic floor.
 You can also place extra insulation around the vents.
- If possible, replace any recessed light fixtures which penetrate
 into the attic with fixtures mounted on the surface of the ceiling
 below. They are easier to seal and it is possible to insulate them.
- Because the chimney gets so hot, normal sealing procedures are not acceptable. Accurately cut two pieces of sheet metal to fit around the chimney. Caulk the metal to the chimney using a muffler or furnace cement. Do not place any insulation within 50 mm (2 inches) of the chimney. Construct a 300 mm (12 inch) high, plywood fence to keep loose insulation away from the chimney.

The attic hatch is like a door to the inside, losing warm air and letting in cold.

- Seal around the frame and between the casing and the ceiling plasterboard. Apply weatherstripping along the edges of either the casing or the hatch itself.
- Install latch closures to ensure that the hatch panel fits snugly.

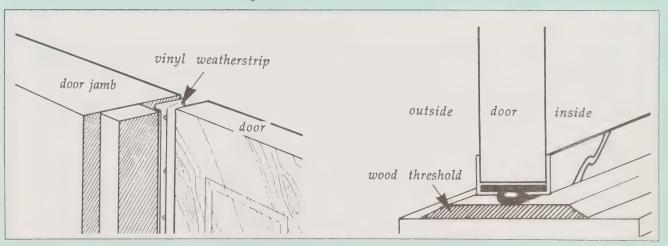
Up to 25 per cent of a building's total air leakage can come through the sill plate in the basement alone.



- Seal the joint between the wooden sill plate and the foundation wall. If the joints are embedded in a concrete foundation, it will be necessary to check for leaks around each joist and along the joint where the masonry meets the sub-floor above you. Fill large holes and cracks with fibreglass or oakum before caulking. The caulking component must be one that is recommended for use on concrete. It is difficult to reach the sill plate in a finished basement. However, often you can easily remove the tiles from around the edges of the ceiling.
- Caulk around the holes for wiring and plumbing that go through outside walls.

Install good-quality weatherstripping such as spring metal or a good-quality plastic.

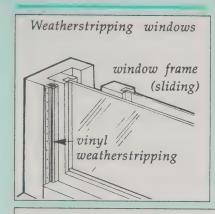
- Attach door sweeps to the door bottoms or weatherstripping that fits under the door or on the threshold below the door when it is closed.
- Weatherstrip storm doors and mail slots.
- Seal around door windows on the inside with silicone sealant, where practical.
- Replace badly worn or warped doors with a solid insulated door at least 50 mm (2 inches) thick. Adding a storm door is a much less effective alternative.
- Remove the inside door trim if possible. Insulate any large opening between the door frame and the wall. Seal all cracks and replace the trim.



Weatherstripping doors

D) Doors

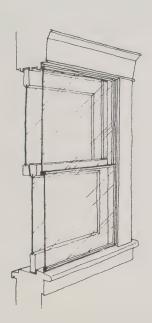
E) Windows



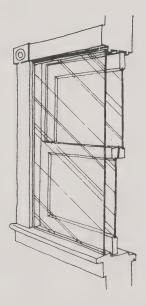
Old windows, especially the double-hung type, can contribute significantly to air-leakage, on average 15 per cent or more.

- The plastic, V-shaped weatherstripping is effective.
- Windows that are never opened can be sealed shut with silicone sealant.
- Seal all gaps between the window trim and the wall.
- If possible, remove the trim, insulate large holes and caulk all cracks, then replace the trim.

Insulating windows — interior storms



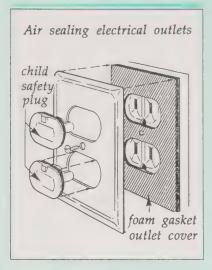
Glass and aluminum interior storm. This system is permantly fitted and may be fixed or operable.



Rigid plastic interior storm with magnetic fastening system. This system is removable for cleaning and summer storage.

Interior storms must be well-sealed to reduce condensation between panes. Operating interior storms should be installed so that it is possible to clean between the panes.

F) Electrical Outlets and Switches



G) Baseboards

H) Vents

Warning:

Maintaining fresh air quality is very important. Your energy-conservation measures should not reduce the rate of ventilation to such an extent as to affect the safe and efficient operation of your combustion equipment or create serious humidity and air quality problems.

Insulation and AirVapour Barriers

Air leakage occurs through electrical outlets and switches. Although most of this occurs on outside walls, even outlets on inside walls can experience leakage. Air can find its way through the wall partition to the outside wall.

- Turn off the power to the outlet or switch by tripping the circuit breaker or removing the fuse. Check to make sure the power is disconnected by plugging in a lamp.
- Remove the cover plate with a screwdriver.
- Place a foam gasket (available from most hardware stores) over the receptacles and switch boxes—it works best if it is caulked first. Replace the cover plate and turn the power back on.
- Install child safety plugs in outlets that you do not use. This will prevent drafts through the outlet holes. Foam gaskets that fit around the plugs to minimize air leaks are also available.
- Never put any insulating or other foreign material inside the electrical outlet box.

If there is a crack between the baseboard and the wall, seal along the edges of the baseboard with clear silicone sealant.

- If it is possible to remove the baseboard, caulk between the wall board and the floor.
- Lift wall-to-wall carpet away from the wall off the nailer strips.
 Caulk underneath the baseboard as deeply as possible. Re-install the carpet.
- Check vents from bathroom fans, stove hoods, clothes dryers, etc.
 to see that they are vented to the outside (and not the attic!) and
 that the flaps close properly when not in use. Check the seal
 around the vents where they penetrate the exterior wall. Caulk if
 necessary.
- Tape the joints in all duct piping, including furnace heat ducts, and insulate the ducts, especially where they pass through the attic or other unheated space.

Heat generated in your building tries to escape to the colder air outside. The rate at which this heat flow takes place is related to the insulating value of your walls and roof, as well as the air infiltration rate of the building.

While most buildings constructed after 1940 have some insulation, it is unlikely that buildings dating from the 1920s or earlier would have insulation unless it was installed at a later time.

Always insulate after sealing, and always add air-vapour barriers at the same time as you insulate.





There are two ways to go about adding insulation and adding air-vapour barriers to your building: doing it yourself or hiring a contractor. If you hire a contractor, get two or three estimates for achieving the same level of insulation. You will need three estimates if you intend to submit the cost to Rent Review when applying for a rental increase (see Chapter 4). Also ask for a written guarantee that only materials approved by the Standards Council of Canada will be used.

If you decide to do the insulating yourself, purchase only approved materials, rent or buy the proper tools, and use safety equipment. Be careful when installing insulation near wires, electrical motors, fans, recessed light fixtures and chimneys.

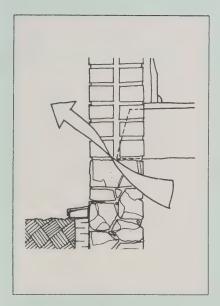
The effectiveness of insulation is measured by its "resistance value" (RSI value or R value). The higher the RSI value, the less heat will escape through the insulating material. Choosing the best insulation for the job will be based on a combination of RSI value, cost and application.

The most common types of insulation are fibreglass, cellulose, and a variety of rigid boards.

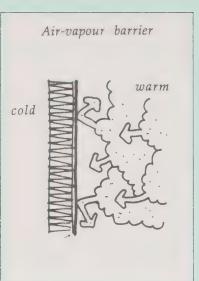
- Fibreglass, RSI .022/mm (R-3.17/inch), is used in attics, between roof rafters, in wall cavities, as interior or exterior wall insulation, and in basements. It is available in batt form, as loose fill material and more recently as rigid insulation.
- Cellulose, RSI .024/mm (R-3/inch), is used in attics and in existing wall cavities. It is usually blown or poured into place.
- Rigid insulation, RSI .027 to .045/mm (R-4 to 8/inch), is used on the exterior of basement walls, in areas where space is limited, and in other specialized applications.

The amount and type of insulation you use will vary according to the amount of space, money and time available. Regardless of the insulation material you use, several general installation rules should be followed:

- Fill cavities or gaps completely to prevent excess air circulation, except where ventilation is needed for example, at ceilings.
- Minimize any uninsulated direct points of contact from the inside to the outside to prevent heat from travelling across these points and short-circuiting the insulation. These points are called thermal bridges. Even a wood stud can act as a thermal bridge.
- Don't overly compress batts or loose-fill insulation to get more into the space. This does not effectively increase the insulation value and may even reduce it.
- Allow the outside of the wall to breathe through to the outdoors.
 The outer surface should be water-resistant but not air-tight.



Thermal bridges can shortcircuit insulation when heat finds the path of least resistance. In addition to heat loss, cold spots caused by thermal bridges can cause condensation and associated moisture problems.





ings in new housing. Higher levels are required by the code in northern Ontario. These minimum standards are commonly exceeded by low-energy builders, and in some cases doubled.

Generally, the more insulation you add, the more money you will save in energy costs. But eventually you will reach a point of diminishing returns where the extra investment for another inch of insulation will not be paid back in decreased fuel bills for a long time. Where this point is depends on the structure of your building and fuel prices in the future.

Insulation should always be used in conjunction with an effective airvapour barrier. The barrier will protect the structure of the building from potential damage caused by water vapour condensing in insulated walls and ceilings. It will also seal the building against the leakage of cold winter air to the inside and the escape of heated air to the outside.

You can install an effective air-vapour barrier most easily when the walls of the building are exposed. The most commonly used material is thick (6 mil) polyethylene.

- The air-vapour barrier is installed on the warm side of the insulation, ensuring that at least two-thirds of the insulating value is on the cold outside.
- Avoid seams by using large sheets. Seal all seams, edges and penetrations.
- Acoustical sealant has proven to be the most effective in sealing the plastic. It stays flexible and won't harden.
- Holes in the air barrier decrease its effectiveness drastically, so it is important to make the air barrier continuous; that is, to leave no portion unsealed.
- It should be covered (usually with drywall) as soon as possible to protect it from damage.

Insulating Walls

There are several ways to install or increase insulation in walls. The decision as to which option you choose should be based on the available space, the amount of insulation required and the cost of the insulation.



Sealing seams in air-vapour barrier

• Blowing insulation into an existing wall

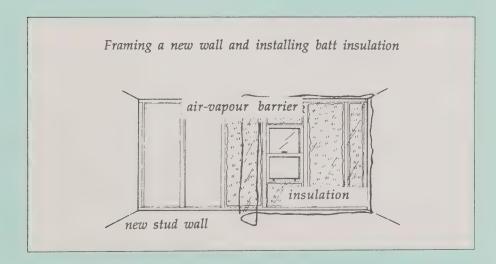
The size of the wall cavity will determine the insulating value you can achieve. The cavity will need to be about 75 mm (3 inches) thick at least, without previous insulation—blowing insulation into walls that already have some insulation is usually neither economical nor effective. Holes are drilled from either interior or exterior to allow access to the cavities and then cellulose or fibreglass insulation is blown in. Ensure that all air leaks are caulked before the insulation is blown in.

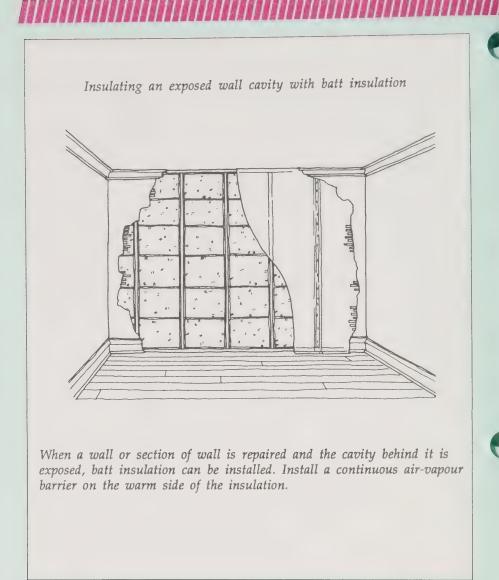
 Framing a new wall and installing fibreglass batt insulation or crossstrapping

These two methods are very effective, especially in brick buildings that do not have a cavity that can be insulated.

You can frame an independent 38 mm x 64 mm (2 x 3) stud wall and nail it into place 140 mm (5 1/2 inches) from the existing wall. Then nail the framing into the joists above and below. Install fibreglass batt insulation (RSI 3.5, R-20) in the enlarged cavity and cover the assembly with a polyethylene air-vapour barrier. Before assembling the new wall, make holes in old finishes such as oil-painted plaster, which may act as a vapour barrier. This will prevent any moisture that penetrates your new vapour barrier from becoming trapped between the two barriers.

An alternative system is to nail strapping $38 \text{ mm} \times 38 \text{ mm} (2 \times 2)$ at right angles to existing studs to build a deeper wall cavity. By installing an air-vapour barrier before nailing the final layer of cross-strapping into place, you can run plumbing and electrical services through the expanded cavity in front of the plastic sheet.





Using rigid-board insulation

Because rigid boards have a relatively high RSI value, they can save space. However the cost of the materials is high. Most rigid boards can be installed over the existing wallboard using a variety of fastening techniques. All foam boards are flammable and it is mandatory to cover them with 12 mm (1/2 inch) drywall or other flame-retarding material.

• Insulating walls from the outside

Exterior insulation allows you the opportunity to install a continuous air-vapour barrier without gaps caused by interior obstructions (stairs, partition walls, cupboards, etc.). Also you can add high levels of insulation to the exterior without the loss of interior floor space. And you can do the entire job without affecting your tenants' use of the building. Check local zoning setback requirements before beginning. You may be required to obtain an exemption from the committee of adjustment, even if you are only adding 150 to 200 mm (6 to 8 inches) to your wall.

You can increase insulation levels from the outside by installing rigid board insulation (expanded or extruded polystyrene or rigid fibreglass) over the existing walls. Or you can build a new frame or curtain wall around the existing walls and then fill it with fibreglass batt insulation.

• Rigid Insulation

You can attach rigid insulation boards to the outside of the building using a variety of fastening systems. If you are adding only a few inches of the insulation, nail the boards directly onto the building, or drill and bolt them to masonry surfaces. If you're adding a larger amount of insulation you may have to install cross-strapping or metal fastening devices. The material cost for rigid insulation is relatively high.

If there is already an effective air-vapour barrier on the inside of the building, it is probably better to use rigid fibreglass boards or expanded polystyrene. Both these materials will allow any trapped water vapour to escape.

Because extruded polystyrene also acts as a vapour barrier, the insulating value on the cold side should be twice that on the warm side. (This follows the one-third two-thirds rule, explained below.)

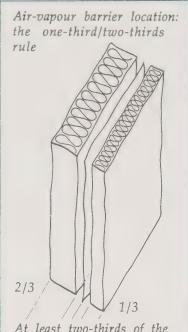
Adding a New Frame Wall

A new frame wall allows for the addition of large amounts of insulation to the outside of your building. First, attach a 6 mil polyethylene air-vapour barrier over the existing wall. Carefully caulk and seal the polyethylene. Then build a wooden support around the perimeter of the building.

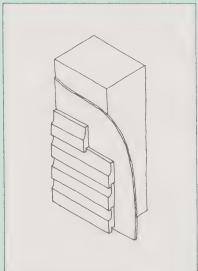
The new stud wall sits on the support and can be moved away from the wall. Moving it out 190 mm (7 1/2 inches) allows you to install RSI 4.9 (R-28) of fibreglass. The studs can be 38×64 mm (2 \times 3), spaced every 600 mm (24 inches).

Make sure that the support plate which holds the stude is strong enough to support the new wall. Consult a professional for advice. After the wall is insulated you can cover it with building paper and nail on new siding.



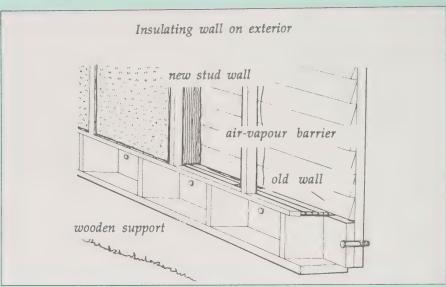


At least two-thirds of the insulation value must be on the cold side of the airvapour barrier to avoid condensation.



Weather barrier location

The weather barrier is located on the outside of the wall behind the cladding. Any water that penetrates the cladidng runs down the weather barrier and drains away from the building.



Whether you are installing rigid boards or a new frame wall, the same rule applies. When you install a new air-vapour barrier on the outside walls of the building, at least two-thirds of the total RSI value of the wall must be on the cold side of the polyethylene. So if the original wall has RSI 1.4 (R-8) and a new air-vapour barrier is installed on the outside, at least RSI 2.8 (R-16) must be added to the walls. If you ignore this one-third/two-thirds rule, you may get serious condensation problems in the wall.

ii. Insulating Roofs and Attics

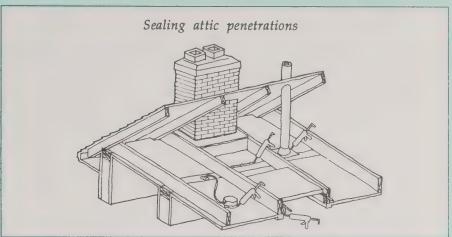
The two most awkward and dirty areas of a building, the crawl-space or basement and the attic, are the areas where most damage occurs if insulation is not properly installed. They are worth frequent inspection and careful work.

Insulation must be added if the depth of the existing attic insulation is less than 150 mm or RSI 3.5 (6 inches or R-20). The simplest method is to blow in loose insulation — cellulose, fibreglass or mineral wool — or install fibreglass batts. Whatever type of insulation you use, it must not impede the flow of ventilation air which usually enters through soffit ventilation around the outside edge of the roof.

If are renovating the interior of your building, take the opportunity to install rigid board insulation on the interior of the roof. If head room is limited, use materials with high RSI values. Where head room is not a major concern, you can install high levels of insulation (RSI 5.6 to 7.0, R-32 to R-40) by lowering the ceiling, thus increasing the cavity. There are two ways of doing this:

Extend rafter cavities by nailing another rafter to the original. You can use 38 x 84 mm (2 x 4) blocking or 12 mm (1/2 inch) plywood supports. The depth of the new cavity will vary according to the amount of insulation required.



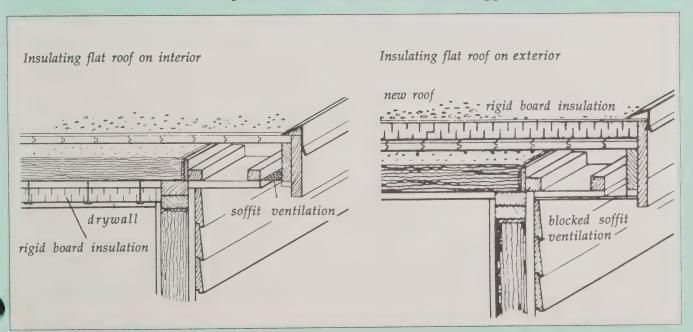


• You can use alternating layers of cross-strapping to create cavities for additional insulation.

Ventilation is very important in unheated attics and ceilings and crawl spaces to help carry away accumulated moisture. Attics should have a minimum of 0.1 m² (1 square foot) of ventilation opening for every 30 m² (300 square feet) of attic area. Power exhaust vents are not a good substitute for natural ventilation measures. They can make the problem worse by pulling greater amounts of moist household air into the attic and causing more moisture to accumulate there.

iii. Insulating Flat Roofs

A flat roof can be insulated from the interior or the exterior. Whatever method you choose, pay close attention to the air-vapour barrier. Keep to the one-third/two-thirds rule. It may be necessary to slash an existing air-vapour barrier in several places to avoid having a "vapour lock" where moisture becomes trapped between two barriers.



• Exterior insulation

If you are re-roofing, it is practical to add insulation from the exterior. You can add high levels of insulation without losing interior head room. And you can do the entire job without affecting your tenants' use of the building.

You can insulate flat roofs by installing rigid insulation directly over the original roof before installing a new layer of sheathing and a new membrane. The old roof can become the new vapour barrier or you can install a new vapour barrier over the old roof. An alternative method is to frame a new roof over the existing rafters, fill the cavity with insulation, and then install the new roof. You should seal existing soffit vents to prevent indoor air from by-passing the newly-installed insulation. Install twice the insulation value that exists in the old roof (following the one-third/two-thirds rule). The new roof will require new flashing, joist headers and drain extensions, and the eavestroughing will have to be relocated. Ballast will have to be removed before starting the reinsulation work and re-applied afterwards.

A method has recently been developed which involves spraying a layer of polyurethane foam over the existing roof, followed by forming in place a new membrane, usually of silicone rubber. This is lightweight and long-lasting, but it is quite expensive.

• Interior insulation

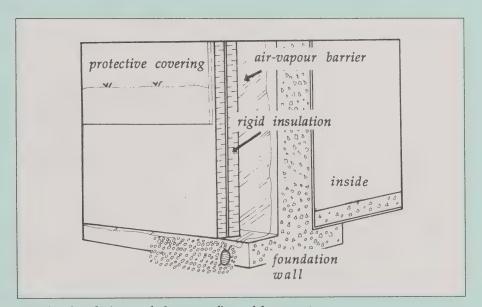
If you remove the ceiling, this gives you the opportunity to make a thorough inspection of the underside of the roof and any plumbing or wiring that is there, and to take corrective action if needed. Caulk any cracks, including the roof-wall joint, and install a continuous, well-sealed air-vapour barrier.

If there is no existing insulation, or if you have to remove it because of its poor condition, you can insulate the cavity between the rafters. You must leave a space of at least 64 mm (2 1/2 inches) between the roof skin and the insulation, to allow for continuous ventilation. So if you do not want to loose any head room you should install insulation with a high RSI such as extruded polystrene boards, polyurethane slabs, or glass fibre boards. If you can afford to loose a few inches of head room, you can in crease the cavity size and add more insulation by installing cross-strapping across the rafters, following the method described under "Insulating Roofs and Attics" above. Another method is to attach rigid board insulation over the old ceiling, and then install a new ceiling.

iv. Insulating Basements

If you excavate to repair foundation walls, waterproof or replace drain tiles, you have an ideal opportunity to insulate. Rigid foam boards or rigid fibreglass can be installed on the outside to create a drier and warmer wall. Backfilling should ensure that the ground slopes away from the building. Insulation above grade should have a protective coating to a depth of 200 mm (8 inches).

If the basement does not have water and moisture problems, it can be insulated from the interior. A dampproofing layer, such as polyethylene, is placed against the foundation wall from grade level to the floor, overlapping on the floor by 150 mm (6 inches). A new frame wall can then be built from 38×64 mm (2×4) lumber and installed on the overlapping polyethylene out from the wall to allow RSI 3.5 (R-20) fibreglass batts. An air-vapour barrier is installed over the new wall. The joist area can be insulated and sealed with blocks of rigid foam that are sealed to the wall's air-vapour barrier.



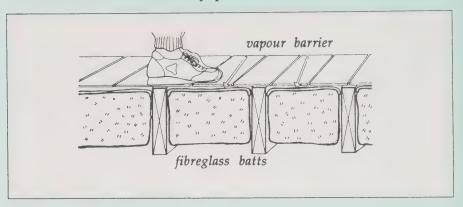
Exterior insulation and dampproofing of basement

De la il de la company Fact Chart antitled Insulating

For more detail, see the Home Energy Fact Sheet entitled *Insulating Basements*, published by the Ministry of Energy (see Resource section at the end of this chapter).

v. Insulating Floors

It is particularly convenient to insulate the basement floor while you are doing renovations anyway. If you are excavating the floor to obtain more head room, install a layer of granular material (such as pea gravel), then a vapour barrier, and then rigid foam insulation, 50 to 75 mm (2 to 3 inches). Finally, pour a new concrete slab on top.



If you are building a new basement floor using 38×63 mm (2×3) or 38×89 mm (2×4) lumber, insulate the cavities with either expanded or extruded polystyrene. Place a new air-vapour barrier over the cross-strapping under the sub-floor. You must also place a sheet of plastic between the wood and concrete floor to prevent moisture damage.

vi. Insulating Windows

Windows in our climate should be at least double glazed. Single-glazed windows can be improved by adding interior or exterior storms. Interior storms have the advantage of reducing cold drafts, air leakage, and condensation between the panes. If you are buying new windows, consider the new high-performance windows, such as the Low E type. They provide greater comfort, energy savings, and reduced condensation and frosting.

Sealing and insulating are not the only elements in an energy-conservation program for your building. You can also improve your mechanical systems and your use of electricity.



4 Mechanical Systems

A) Heating System

The heating system is composed of:

- the furnace or boiler,
- the distribution system (pipes or ducts), and
- the controls.

Energy savings from 10 to 50 per cent can be made in a building by adjusting or replacing parts of its heating system. Particularly in older properties, the heating system is generally the most neglected of all the building's components, yet the biggest savings are usually to be made there. In many cases, a furnace may be inefficient, or the heat distribution network could be improved, or up to 40 per cent of the potential heat contained in your furnace fuel actually disappears up the chimney.

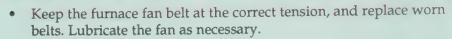
The best time to consider replacing your heating system is after sealing and insulating. Your total heating demand will now be considerably reduced, allowing you to buy a smaller, more appropriately sized unit. High-efficiency units are available that are 50 per cent more efficient than many of the older units still in use.

The heating system should be serviced regularly. Cleaning and tuning will pay back the effort and money involved many times over. *The Bill Payer's Guide to Heating Systems*, available from the Enersave Heatline (see Resources at the end of this chapter), outlines an effective service schedule for your system. Generally oil furnaces should be completely serviced by a qualified serviceman once a year, gas furnaces at least every second year. The distributing system should be balanced by a competent technician.

Here are other measures to keep your heating system in top shape:

i. Furnaces

- An instrumented tuning of your furnace will involve a detailed analysis of its burning characteristics. While more expensive than a conventional check-up, it should result in an improvement in performance, particularly with oil systems.
- On furnaces with oil burners, have a qualified service technician check that the burner nozzle is sized correctly for the heating requirements of your building. This is particularly important after you have sealed and insulated the building.
- Clean or change furnace filters regularly (once a month during the heating season). Dirty filters can cause your furnace to use up to 25 per cent more fuel.
- Have oil-fired furnaces cleaned thoroughly before each heating season. Gas-fired furnaces should be cleaned every other year.





- Clean dirty parts and lubricate moving parts.
- Check the safety controls.
- See that all combustion equipment has adequate air supply.
- If you have an oil-fired system, and it is not cost-effective to convert it to gas, consider the installation of a correctly-sized retention head burner.

ii. Boilers

- An instrumented tuning of your boiler will involve a detailed analysis of its burning characteristics. While this is more expensive than a conventional check-up, it should result in an improvement in performance, particularly with an oil-fired system.
- Check the safety controls.
- Check the circulating pump for proper operation and for leaks.
- Ensure that all combustion equipment has an adequate air supply.
- On boilers with oil burners, have a qualified service technician check that the burner nozzle is sized correctly for the heating requirements of your building. This is particularly important after you have sealed and insulated the building.
- Have oil-fired furnaces cleaned thoroughly before each heating season. Gas-fired furnaces should be cleaned every other year.
- If you have an oil-fired system, and it is not cost-effective to convert it to gas, consider the installation of a correctly-sized retention head burner.
- Heavy scale or deposit build-up reduces heat transfer and can
 drastically reduce your boiler's efficiency and heat output. If possible, check the water-side for scale or deposits, and flush the
 system if necessary. Consider replacing the boiler if the build-up
 is heavy and cannot be removed.
- If the building has a separate system for domestic hot water, you
 can adjust the temperature according to the outside temperature.
 This can be done manually or by installing an outdoor temperature re-set control system.

iii. Distribution

- Heating performance is influenced by the size, length and position of heating ducts or pipes in relation to the main trunk line in the basement. Read *The Bill-Payer's Guide to Heating Systems* and then consult a heating contractor if you think your duct work can be improved.
- Make sure that heating registers and cold air returns, or radiators and convectors are not obstructed by drapes or furniture.



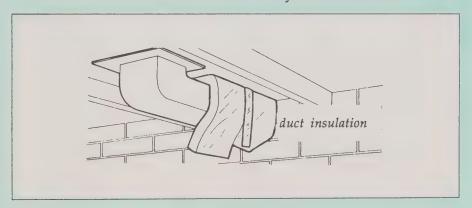


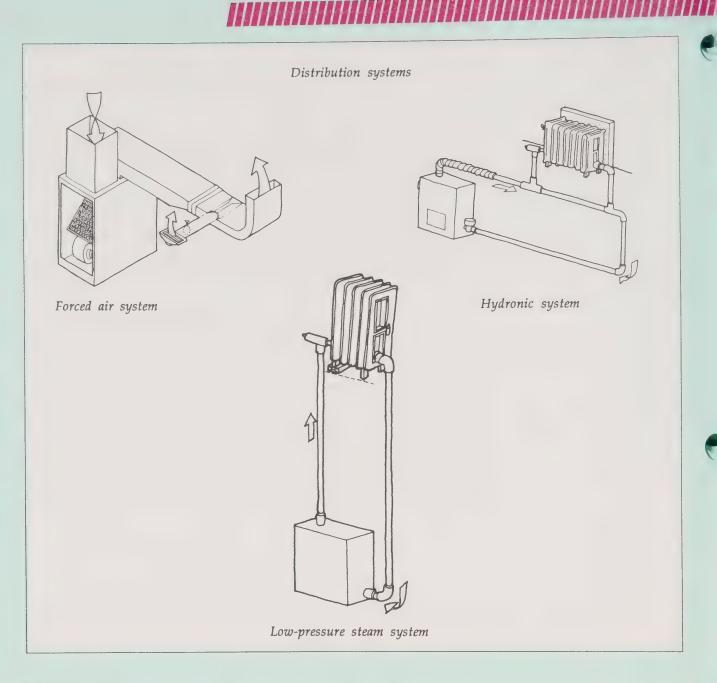
Duct distribution systems

- With a duct distribution system, reduce heat losses by taping duct work at the joints with good-quality duct tape, and insulate ducts that run through cool areas.
- Adjust the manual dampers at the base of the ducts to balance the heat flows through the building. Keep unused rooms at lower temperatures by partially closing dampers.

Pipe distribution systems

- With a pipe distribution system, reduce heat losses by insulating pipes that run through cool areas.
- Insulate behind any radiators located against uninsulated exterior walls with foil-faced rigid insulation boards. The edges of the board should be taped.
- Bleed air from the air valve in all radiators until there is a steady stream of water. Adjust the water valves to balance the heat to different parts of the building.
- If rooms frequently overheat (e.g. due to sunshine), consider replacing hand valves on radiators or convectors with self-contained, hand valves controlled by thermostats.
- If the boiler is used for domestic hot water as well as heating, install a three-way control valve. This allows you to set the building temperature according to the outdoor temperature. Either a manual valve or an automatic control system can be used.





iv. Controls

- The thermostat should be located on an inside wall where it is not affected by cold drafts or heat from the sun, appliances, or lights.
 The temperature in the area of your thermostat determines the temperature for your entire building.
- The controls need to be checked regularly to ensure that they are functioning properly.
- Automatic set-back thermostats will lower the setting at night and raise it in the early morning.

Ventilation is required to prevent excessively high indoor humidity levels. Air-sealing a building without providing alternative means of ventilation can result in windows and walls dripping with condensation. Occupants will be uncomfortable and the building will suffer structural damage eventually.

For humidity problems, exhaust vents in the kitchen and bathroom can remove excess humidity as it is produced. In tight buildings a fan can be wired for continuous operation to avoid positively pressurizing the building.

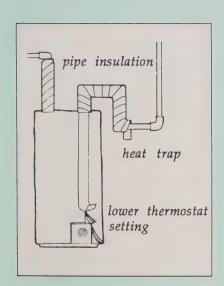
A fresh-air duct can be installed into the cold-air return duct of the furnace to improve general building air quality. Fresh air is drawn into the system by the furnace fan and mixes with the return air stream. The furnace fan must operate continuously at a low speed to distribute ventilation air. The fresh-air duct should have an adjusting damper.

All combustion equipment — fuel-burning furnaces, gas hot-water heaters, gas stoves, and fireplaces — needs adequate ventilation to function effectively and safely. If the furnace is being starved for air it is usually because air is being rapidly expelled from the building through other routes — fireplace, attic power vents, or constantly operating exhaust vents. These powerful drafts can sometimes actually draw air down the furnace chimney leading to carbon monoxide build-up. Signs of backdrafting from the furnace or fireplace indicate that there is inadequate combustion air.

The water heater, usually powered by gas or electricity, is the second largest energy user in a residential building. There are many ways of reducing hot water use:

- Turn down the thermostat setting to low or medium (45 to 60°C). This will give your tank a longer life as well as saving energy.
- Insulate an electric tank with 90 mm (3 1/2 inches) of fibreglass.
 Tank insulation kits are available. Keep the control panel free from obstruction.
- Fix dripping taps. They can lose more than 9,000 litres (2,000 gallons) of hot water a year. A seven-cent washer from the local hardware store will usually do the job.
- Install a U-shaped heat trap and pipe insulation in the first meter of pipe to keep the hot water in the tank.
- Put in low-flow shower heads, available from hardware stores.
- If practical, move the water heater closer to its end use, i.e. the kitchens and bathrooms.

C) Domestic Hot Water



5. Electricity

Unless your building is heated by electricity, the main users of electri-

Unless your building is heated by electricity, the main users of electrical power are domestic hot water (discussed above), lights and appliances.

Breakthroughs in technology over the past years have meant that lighting costs — indoor and outdoor lighting, hall lighting, even lights in "Exit signs" — can be reduced by 4 or 5 times by using new, high-efficiency bulbs and fixtures.

When purchasing appliances, look for the EnerGuide label. Some models may appear similar, but one may use twice as much power as another. Consider the operating costs as well as the purchase price. An automatic defrost, for example, may cost several hundred dollars more in extra electric costs over a 10-year period.

Sharing Energy Costs With Your Tenants

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Utility costs are at or near the top of most landlords' expense sheets. Other landlords pay only for the utilities in the common areas of the building — heating and lighting the halls, passages, and basement. Obviously it can be beneficial for the landlord to be able to make tenants individually responsible for their own consumption of energy. Tenants become much more aware of how much energy they are using if a regular statement arrives from the utility requesting payment.

However, each building is different and it is not always possible to transfer the cost. Decades ago, energy was not a major concern. Usage was modest and energy sources were seemingly inexhaustible. So most older buildings are not designed for easy division of energy costs. The major problems in dividing the bills today are the expense and feasibility of installing separate meters. The cost of installing separate meters for electricity, gas, oil and water in each unit may take years to be recovered through savings to the landlord, and in some buildings with older systems, installing separate meters is impossible. You will need the cooperation of the local utility if you are planning to install separate units, and you must also consider the Rent Review implications of your plans. You may be able to apply to Rent Review for a rent increase, based on the capital cost of improving the building by installing separate meters.

Nor does it seem fair to divide the building's total heating or electricity bills and make each tenant pay a share. People with different lifestyles have widely diverging usage of utilities. It seems unreasonable for a single person who is out of the apartment every day and most nights to pay the same as a family where a small child and at least one parent are usually home, especially when the apartments are the same size. And tenants should not be expected to cover the landlord's energy costs for common areas.

Landlords making changes which will affect utility payments should also consider the rules of the province's rent regulation system (see Chapter 4 on "Rent Review"). When rents are registered at the Rent Registry, it is noted whether utilities are included or not. If utilities

were originally included in the rental figure, and are suddenly made the tenant's responsibility, future rent increases must reflect the change. A Rent Review consultant or your local Rent Review office will be able to advise you of the repercussions for your specific building. You will also need to abide by the terms of rental leases which are still in effect.

7. Financial Assistance

Ontario Hydro has joined with the commercial banks to provide loans for renovations which improve energy efficiency. This covers updating and improving the heating system of your building — such as electric furnace or boiler, heat pump, baseboard heating, electric water heater, or duct work — and can be expanded to cover improvements to such components as wiring, insulation, air sealing, central air conditioning, humidifiers, fans and air cleaners. Depending on whether you are classified as a residence owner or a business owner by Hydro, you may be eligible for either of two plans:

- The EnerMark Residential Loan Plan offers loans of up to \$10,000 from the Royal Bank at rates below prime. You will be required to use registered EnerMark contractors, who offer a oneyear guarantee. More than one loan can be obtained if you are eligible. Contact any branch of the Royal Bank for an application form.
- The EnerMark Business Finance Plan offers loans of more than \$10,000 and lease plans of more than \$25,000. The loans are available from the Canadian Imperial Bank of Commerce at prime rate, for a term of up to seven years with a matching amortization period. Contact Ontario Hydro for an application form.

More information on these plans can be obtained from your local Ontario Hydro office.

Resources

The publications listed below are all available free, from:

Consumer/Residential Program
Ministry of Energy
56 Wellesley Street West
Toronto, Ontario
M7A 2B7
(416) 965-3246
If you are calling long-distance, ask the operator for Zenith 80420 (toll-free)

Where and How to Insulate Basements
Where and How to Caulk and Weatherstrip
Where and How to Install Air-Vapour Retarders
Where and How to Provide Fresh Air and Control Humidity in A
Tighter House

Where and How to Insulate Cathedral Ceilings and Flat Roofs There's No Place Like Home: A Guide to Making Your House More Energy Efficient Appliances and Lighting, Consumers Guide to Purchasing

Appliances and Lighting, Consumers Guide to Purchasing Windows and Doors, Consumers Guide to Purchasing

The publications listed below are all available free, from:

Home Energy Programs — Publications Energy, Mines and Resources Canada 580 Booth St. Ottawa, Ontario K1A 0E4 1-800-267-9563 (toll-free)

Keeping The Heat In The Billpayers' Guide to Heating Systems Heating With Electricity Heating With Natural Gas Attic Ventilation Windows How Does Your Furnace Rate? Purchasing an Energy-Efficient Gas Furnace Heat Pumps Purchasing a New Oil Furnace Insulation Summary How to Detect and Seal Air Leaks Caulking Home Energy Conservation Checklist Fire Safety and Attic Insulation Glass Fibre (insulation) *Cellulose Fibre (insulation)* Mineral Wool (insulation) Vermiculite (insulation) Polystyrene (insulation) Polyurethane (insulation) Moisture Problems Weatherstripping

Home Energy Programs also runs a toll-free Enersave Heatline 1-800-267-9583

Landlord-Tenant Relations

ood landlord-tenant relations are perhaps the most important factor in being a successful landlord. Your tenants are your customers and you could not be in business without them. Because the vacancy rate in many parts of Ontario is currently so low, with potential tenants clamouring for space, landlords may be tempted to think their tenants are lucky to have any landlord at all, let alone a nice one.

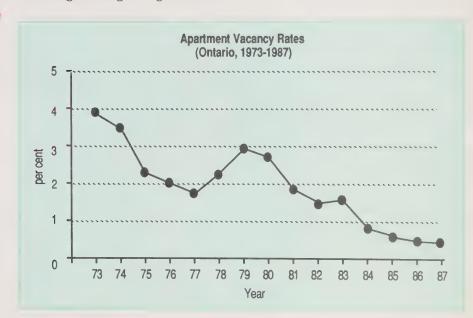
However, it is in your own interest to put effort into a good relationship with your tenants. They are more likely to take good care of their share of the building if they feel you do your best for them. It is troublesome and costly to keep changing tenants and you would do well to keep your tenants, especially the better ones, for as long as possible. Evicting a tenant is complicated, painful and usually expensive, so try not to let the relationship deteriorate to that point. It will also make your job easier and much more pleasant if there is a cooperative and friendly atmosphere among the people living in your building.

If you need advice and moral support, there are landlord organizations in most major centres of Ontario. They are self-help groups which hold regular meetings, lobby government, and disseminate information through newsletters and hot-lines.

Finally, remember that you are responsible for your actions and you must be aware of the laws. The government has as much interest in protecting tenants' rights as landlords' rights. There are regulatory bodies to see that you keep the building clean and safe, to see that you don't raise your rents illegaly, to see that you don't discriminate in choosing your tenants, and to see that you do not throw out anyone unless you have good reason and have gone through the legal steps.

. Getting Them in

There are three steps involved in finding new tenants — advertising, selecting, and agreeing on a lease.



A) Advertising

At the present time, vacancy rates in most cities of Ontario are very low and many apartment buildings have waiting lists. However, advertising in a daily or local newspaper is still the most common way of finding a tenant. Be specific and descriptive in the advertisement — the extra cost is worth it. It is frustrating for apartment-seekers not to know the price and location of the apartment and they may not bother to call you if there are other ads which offer more information.

Where appropriate, use words like "charming" or "spacious" or "renovated" or "overlooking park" to make your ad catch readers' attention. Say whether utilities are included and give any other important details which may attract certain applicants and prevent others from wasting your time and theirs. The loving owner of a re-

One-bedroom apartment to rent downtown. Call Jane, 499-9999

Bright one-bedroom apartment to rent near Bloor and Church. \$750, utilities not included, no parking, pets welcome. Call J. Thompson 499-9999 daytime, 699-9999 6-10pm.

B) Selecting a Tenent

built old sports car doesn't want to look at a place which has no parking facilities, and the loving owner of two Siamese cats will be excited to read about a building where her pets will be accepted.

Finally, do not give a woman's name in the advertisement. Unfortunately, that detail has been known to encourage people with no interest in the building to call up and ask leading questions about the exact location and the time when the woman will be at home and willing to open the door.

If you prefer not to advertise in a newspaper, there may be a housing registry in your area, like the one run by the City of Toronto, where landlords can advertise vacancies free of charge. Universities and community colleges also have housing registries. You can try spreading the news by word of mouth through your other tenants. If you would like a tenant who is from your neighbourhood, you can put up a notice in your local supermarket or laundromat. The process will be slower and you will have fewer applicants to choose from, but at least your privacy will not be invaded by a deluge of calls if you live in a large city. A well-displayed, attractive sign on your lawn or in the window is cheaper than a newspaper advertisment, and can be equally effective, particularly if the building is on a busy street.

It is useful to have an answering machine set up to record the calls that come in response. If there are many, you can set up a joint showing of the rental property for a couple of hours one evening or weekend.

i. Application forms and references

Standard application forms are sold at major stationery stores. The form should identify the unit to be rented, the number of people who will be occupying it, the rental rate, and whether the rental includes parking, utilities, etc. If a deposit is required with the application, it should be explained under what conditions the deposit will be returned should the applicant later change his or her mind. The applicant should fill in the following information:

- present and previous addresses, and length of time at each address;
- · present and previous employers, and length of employment;
- current salary;
- name and address of bank, and account number;
- · the make and licence number of car;
- driver's licence number:
- · three references; and
- the name of a person who can be contacted in case of an emergency.

Rental Application Form Name of applicant: Phone (Home): Phone (Work): Address: ____ Names of other people who will be living in the unit: Name and phone number of current landlord: How long have you lived there? Name and phone number of previous landlord: How long did you live there? Name and phone number of employer: ____ Position: _____ How long have you worked there? Monthly salary: Other sources of income: Name and phone number of previous employer: Position: _____ How long did you work there? ____ Name and number of bank or bank manager: Bank Account number: Make, year and licence number of your car: Driver's licence number: Name and number of three personal references (not family members): Name and number of a person who can be contacted in case of an emergency: Have you ever filed for bankruptcy? Yes No Have you ever been evicted? Yes No Have you ever refused to pay rent when due? Yes No (If the answer to any of the above 3 questions is "yes", please give date and explanation): I am enclosing a deposit of \$ _____and accept that this deposit will be returned to me within three business days if my application is rejected. I accept that if my application is accepted but I do not sign a lease for a rental beginning on the date mentioned above, part or all of my deposit may be forfeited to cover the expenses involved in checking my references and finding another tenant. The above information, to the best of my knowledge, is true and correct: Date: _____ Signature:

Ask your own bank manager to contact the applicant's bank and ask for a credit rating. A credit rating will include only how long the applicant has been with that bank and if the bank account has been maintained satisfactorily, without overdrafts and returned cheques. The fee for such a service is less than \$10. You are not entitled to phone the applicant's bank and ask for a credit rating directly, unless the applicant personally arranges this with the bank manager. You can also use the services of a credit bureau.

Ask the employer if the applicant seems honest, responsible, cooperative, and has clean habits. Tell the employer what the rent is and ask if it seems manageable for the applicant to afford that sum.

Ask the previous landlord whether rent was paid on time, noise kept to a minimum, and the apartment well kept. The applicant's current landlord may give a good reference just to get rid of a bad tenant, so it is preferable to contact the second-last landlord.

All of this information will help you to decide whether the applicant is the kind of tenant you want. It's much easier to turn down an application at the beginning than to try to evict a tenant months later for reasons which could have been discovered by using an application form.

ii. Interview and personality

When you meet a prospective tenant, remember that you're not choosing a friend or future daughter-in-law. What you need is a steady, reliable, clean tenant who is reasonably pleasant and preferably quiet.

Get to know the applicant a bit by asking some general, easy questions. Examples of questions you might ask include:

- What is your occupation?
- How long have you lived in the city or neighbourhood?
- Why do you like the apartment?
- How long have you been searching for an apartment?

And, if these issues concern you,

- Do you smoke?
- Do you keep a pet?

Also ask about relationships with previous landlords. You may get a different story from the one you'll hear when you call the previous landlord.

If you have "rules-of-the-house" you must provide them for the applicant to read. House rules form part of the tenancy agreement between a landlord and tenant, whether the agreement is verbal or written. This is the time to find out whether the potential tenant anticipates any difficulties in keeping to the rules. You cannot hope

RULES OF THE HOUSE

No redecorating (eg. painting) without permission from the landlord.

No pets (not even goldfish).

No "overnight" guests for longer than two months.

No barbecues on the balconies. There is a grassy spot next to the parking lot where you may barbecue.

No waterbeds.

Please place a piece of tape on the wall before knocking in picture hooks — this lessens the damage to the plaster. Keep numbers of holes to a minimum.

Please place garbage in sealed, unpunctured garbage bags in the large bin next to the parking lot. It will be moved to the curb on Sunday nights by the landlord.

Old newspapers (in plastic bags or tied securely with string) can be left on the curb for recycling on Tuesday nights.

Bicycles may be chained to the railing at the back of the building.

Tenants' personal possessions are not covered in the building's insurance policy. Please insure your own possessions against fire and theft.

Please park carefully so as not to obstruct your neighbours' parking spots.

Please keep hi-fi's down and do not move furniture or vacuum late at night and early in the morning.

Please ask neighbours politely to keep noise down before phoning the landlord.

Please do not phone the landlord after 10:30 pm or before 8 am weekdays, before 9 am weekends, unless it is a genuine emergency. 7 pm - 8 pm is also not a good time. Leave your full name and number on the answering machine.

If you are not happy with a repair or response to a complaint, please let the landlord know. It may help to put your problem in writing.

Please put rental cheques in the mail slot marked "Landlord" by midnight of the first day of each month.

According to the Landlord and Tenant Act, tenants must give notice that they intend to move out 60 days in advance in writing.

Phone 911 for fire, police, or ambulance in an emergency. The number of the local fire station is The number of the local police station is
The nearest hospital is Call Consumers Gas at for gas-billing enquiries. Call if you smell gas or suspect any problem. Call Ontario Hydro at for electricity-billing enquiries. Call Bell Canada at for telephone-billing enquiries.

Thank you for your cooperation!

to enforce house rules if you present them to the tenant after the tenancy agreement has been made. None of these rules should contradict the Landlord and Tenant Act. If they do, they are invalid.

Remember that it is illegal to discriminate against tenants on the basis of race, sex, or family status. Reserving a building for adults only is now illegal. You may believe you can get away with this but landlords have been caught and charged with discrimination.

A lease is very useful in that it settles most issues in a clear and businesslike way, and minimizes misunderstandings. You state your expectations and obligations, and the tenant agrees to them by signing. However, if you put anything in the lease that is contrary to the Landlord and Tenant Act, that clause is not binding, even if your tenant has signed it.

Some people prefer not to resort to the formality and legalistic jargon of a lease, depending on a more casual verbal agreement on the major issues and discussion of any problems as they arise. This is a personal decision and one which you should consider carefully. You may regret leaving yourself unprotected later on if the tenant denies a verbal agreement you are quite sure was made. As a compromise, you may wish to jot down the major points of your agreement as an informal lease — rental fee, length of term, parking and utility charges, subletting issues — and make two copies, both of you signing them. This can be for a fixed term or for a "monthly" tenancy. It is less formal than a lease but avoids arguments based on differing memories later on.

Standard rental leases are sold at major stationery stores and are reassuring to both landlord and tenant. You are free to cross out and type in clauses here and there, just as the tenant is free to reject them and try to renegotiate or decide not to sign. For example, you may type in a clause that says the tenant should not do any redecorating without your consent.

The length of a lease is a matter of personal convenience. A long lease, for a year or two years, provides stability for the landlord. However, that may not be so necessary during periods of low vacancy rates. A shorter lease, by the month or for six months, gives the landlord greater control, because certain legal reasons for giving a tenant notice only apply at the end of a lease (see section, on "Getting Them Out", later in this chapter). A shorter lease can also be an advantage if the landlord does not wish tenants to sublet for long periods. The tenant has the right to sub-let in most cases. But recently the courts have decided that in some cases, for example, if the landlord has a waiting list of prospective tenants, the landlord can choose new tenants to fill the vacated unit rather than taking the sub-lessees found by the old tenant.

Do not reject your second choice among the applicants until you have finally signed a lease with your first choice. After the tenant has signed the lease and returned a copy to you, you must return a copy to the tenant within 21 days. It is simplest to do all of this together, at the time that the lease is agreed upon. A cheque equivalent to the last month's rent should accompany the lease, dated the same day that the lease is signed. In the case of a weekly tenancy, this must be no higher than a week's rent. Cash this cheque immediately so that you have early warning if it is returned by the bank marked "insufficient funds". For greater protection, ask for a certified cheque, a money order or cash. You must pay the tenant interest on this money annually at a rate of 6 per cent. This rate may be changed by the government at any time. Another payment, for the first month's rent, will be due the day the tenant moves in.

There are three things for which landlords have asked tenants in the past, which are not permitted:

i. Deposit Against Damages

It is illegal to ask for a deposit against damages. If a tenant damages an apartment, you have no recourse but to go to small claims court if the tenant has already moved out. (Small claims court in Toronto deals with claims for sums of up to \$3,000; outside Toronto, the maximum is \$1,000.) If the tenant is still in the apartment, you can go to the district court under Part IV of the Landlord and Tenant Act. That is one reason why it is important to choose your tenants carefully. Even the last month's rent is not effective as a guarantee against damages because the tenant does not pay rent when that last month arrives — you already have the cheque and it is for rent, not burns on the counter or holes in the wall. If the tenant is still living in the unit, you can start eviction proceedings and claim compensation for the damage caused by the tenant.

ii. Key Money

Since January 1, 1987, it is illegal to charge key money. Key money is an under-the-table payment from prospective tenants for the opportunity to rent a unit in a building. In many cases, key money is disguised as an exorbitant charge for curtains or furnishings which are already in the apartment, and which the new tenant might not even want.

Those convicted of charging key money face a fine of up to \$2,000 for individuals and up to \$25,000 for corporations, and can be ordered to repay key money charged.

Tenants who have paid key money can seek a refund and/or lay a charge, contacting the local rent review office for advice on how to go about it. The tenant does not need a lawyer, and you are not allowed to evict a tenant for attempting to enforce a legal right. The usual reasons for giving notice are still the only ones that apply.

In addition, any tenant who pays you extra to get to the top of a waiting list for space in your building can report you to the local rent review office and get that money back.

iii. Post-dated cheques

While the landlord can choose the method of payment (cheque, money order, cash) it is illegal to demand post-dated cheques. You may request them and explain that they are a convenience for both landlord and tenant (and may be canceled at any time by the tenant). But the tenant can choose to send you a cheque every month rather than giving you a pile of post-dated cheques.

Your Legal Obligations

A) Health and Safety Standards

In municipalities which do not have comprehensive by-laws concerning property standards, or which do not actively enforce those by-laws, the tenant can send a written complaint to the Residential Rental Standards Boards. The Board was set up by the Ministry of Housing to see that acceptable minimum standards of health and safety are maintained throughout the province. For more detail, see Chapter 5 on "Maintaining Your Property".

B) The Tenant's Right to Privacy

Being a nice-guy landlord is discussed later in this chapter. It's usually a good idea, but it's optional. However there are certain things you have to do as a landlord which are not optional. They are legal obligations and it is your duty to find out about them.

You are responsible for maintaining the premises in a good state of repair and fit for people to live in. This includes maintaining the individual units, as well as cleaning and maintaining the halls, lobby, stairs, laundry, garbage room, and elevator. It means cutting the lawn, cleaning up litter, shoveling snow, and removing ice. Pest-infestation problems have to be treated and broken equipment fixed. It does not include painting and decorating the interior of the apartments.

Tenants are paying for a service and expect to have a comfortable and secure environment to live in. If your tenant experiences a serious maintenance problem and it is not fixed after discussing the matter with you, the tenant can ask the local municipality to send a building inspector to issue a work order. You then have about 30 days, depending on the municipality, to fix the problem. If the problem persists, the tenant can go to the district court.

In a genuine emergency, a tenant is allowed to call someone in to do crucial repairs. The tenant should keep the receipt and apply to the landlord for a reduction of rent to cover the amount. The tenant should not simply subtract the amount from the rent. If he or she does so, you may go to court, where a decision will either confirm the tenant's actions or require that the rent be paid in full.

The landlord may only enter a tenant's home with good reason, after a written request stating the reasons and given 24 hours in advance, and during daylight hours. There is some discussion as to what constitutes "good" reason. That the landlord may enter the apartment, the legal provisions and conditions which permit this, and any possible reasons why the landlord may need to enter the unit, should be spelled out in the original tenancy agreement; for example, to do repairs or to carry out an annual check on maintenance in the unit, or to test the smoke detectors.

Only in cases of emergency can you enter without prior warning, or in a case where the tenant does not mind the lack of written notice and agrees to let you in. However, you can write a clause into the original lease giving you the right to show the premises to a prospective new tenant during reasonable hours, after proper notice to move has been given.

If there is a tenancy agreement under which the landlord has the responsibility of cleaning the rented premises, the landlord can enter the premises to clean without having to give 24 hours' written notice to the tenant.

If you have tenants living in your own home, and you enjoy chatting with them, remember that they may need more privacy than you do, but they do not feel in a position to be very direct with you. Don't ask who the guest was whom you heard arriving late the previous night, and let them relax in their apartment without the fear that you will wander in for a talk because you have nothing special to do and know they are at home.

Door locks may not be changed without the mutual agreement of landlord and tenant.

Generally, rents can be increased only once a year with 90 days' notice in writing, and only up to the guideline percentage set by rent regulations for that year, without an application to the Ministry of Housing. This is a complex and ever-changing area, so Chapter 4 has been devoted to the subject.

If you are the landlord of a building with more than one rental unit and common facilities such as a lobby, you are obliged to post Part IV of the Landlord and Tenant Act (or the official summary, shown on the following pages) in a conspicuous place in the building. You must also display your name (or the company or corporate name, depending on the legal ownership) and the address you have chosen for delivery of legal documents or notices (your home, the corporate address, or the superintendent's or property manager's office). Tenants may take you to court in the name and address posted.

In legal terms, **subletting** means that the tenant who holds the lease "sub-rents" the unit to a "sub-tenant" for a portion of the balance of the lease, with the intention of re-occupying the unit. The tenant who holds the lease is legally the landlord of the sub-tenant for the duration of the sub-let. **Assignment** is the legal term for what is often called "subletting" by landlords and tenants. Assignment of the lease means that the original tenant does not intend to re-occupy the unit, and the new tenant becomes the direct tenant of the landlord.

C) Rent Increase

D) Posting the Landlard and Tepant Act

E) Subletting

If a tenant wants to sublet or assign an apartment, you are obliged to allow this, and you are only allowed to charge reasonable expenses incurred in arranging the sublet. You can refuse to accept the new person if he or she does not meet the standards set for the rest of the building, but that consent must not be arbitrarily or unreasonably withheld. A landlord or tenant may apply to a district court judge to settle disputes over subletting premises.

Harassment of Tenants

It is an offence for a landlord to harass a tenant out of the premises, or to interfere with the supply of services such as heat or electricity, or to seize a tenant's possessions because of non-payment of rent.

A judge will refuse a landlord an order permitting an eviction if the court finds that the landlord:

- has not lived up to a landlord's fundamental obligations,
- wants to evict a tenant for complaining to authorities about the landlord's violation of health, safety or housing laws,
- is retaliating against a tenant who sought to exercise his orher legal rights,
- wants to evict a tenant for belonging to a tenants' organization or trying to form one,
- wants to evict a tenant because of the presence of children (except in cases of overcrowding or premises unsuitable for children).

A group of tenants sharing a common problem with a landlord may, if a judge approves, jointly take that landlord to court. Conversely, a landlord may take a group of tenants to court if a judge approves.

G) Roomers and Boarders

An amendment to the Landlord and Tenant Act made in 1987 provides the same protections for roomers, boarders and lodgers as other tenants of residential premises. In the past, roomers and boarders could be evicted with little or no notice, and for any reason. Owners could seize personal belongings for non-payment of rent. The new legislation prohibits any such actions or the cutting off of heat, electricity or water. Security deposits cannot exceed the rent for one rental period, such as a week for weekly tenancies, and must take the form of rent for the final rental period.

However, where the building is owned by a person (rather than a company), the Landlord and Tenant Act does not cover units where occupants share a bathroom or kitchen with the landlord or landlord's immediate family (child or parent, or spouse's child or parent). This is often the case with roomers and boarders.

REGULATION 549

under the Landlord and Tenant Act

SUMMARY OF PART IV OF THE ACT

1. The summary of Part IV of the Act mentioned in clause 111 (1) (d) of the Act shall be in the form set out in the Schedule. R.R.O. 1980, Reg. 549, s. 1.

Schedule

GENERAL.

- 1. Part IV of the Landlord and Tenant Act governs the relationship between landlords and tenants of residential premises, and applies whether the tenancy agreement is written, oral or implied. (ss. 81, 82)
- 2. Neither a landlord nor a tenant may waive his rights under Part IV of the Act, either orally or by written agreement. (s. 82)
- 3. If the tenancy agreement is in writing, the landlord must return a signed copy to the tenant not later than twenty-one days after the tenant has delivered a signed copy to the landlord; failure to do so by the landlord relieves the tenant from any obligation (including the payment of rent) under the agreement until the landlord does deliver a copy to him. (s. 83)

SECURITY DEPOSITS

- 4.—(1) The landlord may demand a security deposit equal to the rent for one rent period (for example, a month, a week or a day, depending on the tenancy). If the rent period is longer than a month, the security deposit is limited to one months rent. The landlord must pay the tenant 6 per cent interest annually, as long as the landlord holds this money. When the tenant leaves, at the expiration of the term of the lease, rent for the last rent period has already been paid.
- (2) Security deposits to cover damages or repairs are no longer lawful (except for fixed-term tenancies in mobile home parks that were made before the 18th day of December, 1975; the deposit for damages must be returned when the tenancy agreement is ended or renewed). (s. 85)

SEIZURE OF A TENANT'S PROPERTY

5. It is an offence for a landlord to seize a tenant's personal property, if the tenant is behind in the rent. (s. 86)

SUBLETTING OR ASSIGNING RENTED PREMISES

6.-(1) A tenant, other than one in public or subsidized housing, may sublet or assign the rental accommodation. However, the landlord | from the rent. Tenants must have detailed receipts

may have reserved the right in the tenancy agreement to approve the new tenant. The landlord's consent may not be withheld unreasonably or arbitrarily, and the landlord may only charge reasonable and modest expenses for giving consent.

(2) A landlord or tenant may apply to a judge of the county or district court to settle disputes over subletting or assigning premises. (s. 91)

RIGHT TO PRIVACY

- 7.—(1) Except in emergencies, a landlord or employees of the landlord may not enter the rented premises without giving twenty-four hours' written notice to the tenant, specifying a time during the day. However, a tenancy agreement may give the landlord the right to show the rented premises during reasonable hours, to a prospective tenant, after proper notice to move has been given. A tenancy agreement may also require the landlord to clean the rental premises. In that case, the landlord may enter to clean the premises as the agreement requires. A tenant may also allow a landlord to enter the premises at the time of request. (s. 93)
- (2) Neither the landlord nor the tenant may change the lock on a door to the rented premises without the other's consent. (s. 95)
- 8. A landlord cannot keep political canvassers away from rented premises. (s. 94)

REPAIRS AND MAINTENANCE

- 9.-(1) Part IV requires a landlord to keep the rented premises in good condition and fit for habitation during the tenancy. The landlord must also comply with all legal health, safety and housing standards, no matter what state the premises are in when a tenant moves in. (s. 96 (1))
- (2) Tenants are responsible for ordinary cleanliness (good housekeeping) and for repairing any damages they or their guests cause wilfully or negligently. (s. 96 (2))
- (3) Under the Act, a tenant may apply to a judge of the county or district court for an order to have repairs done or to authorize repairs for which the tenant has paid. The judge may grant the tenant a decrease in rent for as long a time as the premises were improperly maintained. (s. 96 (3))
- (4) In emergencies, the tenant may have crucial repairs done immediately and deduct the amount

for all work. If the tenant cannot demonstrate that the repairs were necessary and done as inexpensively as possible, the landlord may apply to the court and the judge may order the tenant to repay the rent which has been withheld. The judge may even allow the landlord to end the tenancy and order the eviction of the tenant. (s. 96 (3))

TERMINATING A TENANCY

- 10.—(1) Tenancies for a fixed period of time (fixed term) such as six months or one year or eighteen months, do not any longer simply "run out", requiring the tenant to move at the end of the term. Where such a tenancy comes to an end without the landlord or tenant having entered into a new tenancy agreement, the Act provides that the agreement has been renewed as a month-to-month tenancy until both parties agree to another term. Since tenancies will go on indefinitely, landlords or tenants who want to end weekly, monthly, yearly or fixed-term tenancies of residential premises must notify each other in writing.
- (2) A landlord and tenant may mutually agree to terminate on a specific date, in writing, during the tenancy, in which case there is no need for notice. (ss. 98-106)
- 11.—(1) Notice from either the landlord or the tenant must.
 - (a) be in writing and signed by the person giving notice, or his or her agent, and should include the date of signing;
 - (b) identify the premises for which notice is given; and
 - (c) specify the date the premises are to be vacated (the termination date).
- (2) Notice of termination from a landlord must also,
 - (a) state the reason and particulars for terminating the tenancy; and
 - (b) advise the tenant that if he or she intends to dispute the landlord's claim to possession, he or she need not vacate the premises, but that the landlord may regain possession by applying for an order from the clerk or the judge of the county or district court permitting eviction, and that the tenant is entitled to dispute the landlord's claim. (s. 99 (1))
- 12.—(1) Notice to end a tenancy by either landlord or tenant has to be given not less than twenty-eight days before the last day of a weekly tenancy and sixty days before the last day of a monthly, year-to-year or fixed-term tenancy. If the notice is late by even one day, it is ineffective and proper notice must be given. (ss.100-104)

(2) If a landlord intends to demolish, convert to other use, or extensively repair the premises, the landlord must give at least 120 days notice before the end of the tenancy. (s. 107)

- (3) A landlord may end a tenancy during the life of the agreement, for certain reasons and within special notice periods. (ss. 108, 109)
- 13.—(1) A tenant may deliver the notice personally to the landlord, or his or her agent, or send it by ordinary mail. When sent by mail, the Act assumes that it is delivered on the third day after the date of mailing. (s. 123)
- (2) A landlord must try to deliver a notice to the tenant personally. If the tenant is away or evading service, the notice may be handed to a person apparently eighteen years or older on the tenant's premises, by posting it up in a conspicuous place on the rented premises or by sending it by registered mail to the premises. If notice is mailed, it is assumed to be delivered on the third day after the date of mailing. (s. 123)
- 14.—(1) A landlord must have a legitimate reason for terminating a tenancy, under Part IV of the Act. The reasons, along with particulars, must be stated in the notice, whether the termination is at the end of a tenancy period or term, or during the term. (s. 99 (1))
- (2) If a tenant fails to pay his rent when it is due, a landlord may give notice of termination, specifying a termination date not less than twenty days (in the case of a daily or weekly tenancy, seven days) after notice is given. If the tenant pays the rent within fourteen days (in the case of a daily or weekly tenancy, seven days) of the notice, the notice becomes ineffective. (s. 108)
- (3) A landlord may serve a notice of termination under the following circumstances:
 - When a tenant, or his or her guests, cause undue damage to the premises, wilfully or negligently. (s. 109 (1) (a))
 - When a tenant, or his or her guests substantially interferes with the reasonable enjoyment of the premises by the landlord or the other tenants. (s. 109 (1) (c))
 - When a tenant, or his or her guests, seriously impair the safety or other lawful right, privilege or interest of any other tenants on the premises. (s. 109 (1) (d))
 - When the occupants of the premises on a continuing basis exceed the number permitted by health, safety or housing standards. (s. 109 (1) (e))
- (4) If any of these latter four reasons are given, the landlord must give notice specified to be

effective not less than twenty days after the date notice is given. The landlord must also inform the tenant that he has seven days to correct the situation. If, within the seven days, the tenant complies or satisfies the landlord that the situation will be corrected, the notice is ineffective. If the tenant does not rectify the situation within the seven days, the landlord may apply to the court for an order to evict the tenant. (s. 109 (1-3))

- (5) If there is a second breach of these obligations by the tenant within a six-month period, the landlord need give only fourteen days notice and may immediately apply to the court for an order permitting the tenant's eviction. (s. 109 (4))
- 15.—(1) A landlord also has cause for early termination if,
 - (a) a tenant performs or commits an illegal act, or carries on an illegal business on the premises; or
 - (b) a tenant in public or subsidized housing misrepresents his or her income or that of other members of his or her family occupying the residential premises. (s. 109 (1) (b) (f))
- (2) Where the notice is based on one of these two reasons, the landlord must give notice specified to be effective not less than twenty days after the date the notice is given. The landlord may apply immediately to the court for an eviction order. (s. 109 (3))
- 16.—(1) Each reason for ending a tenancy before the end of the term or rental period also applies to terminating at the end of a term or rental period. (s. 110 (3))
- (2) The Act recognizes additional causes for termination at the end of a rental period, as follows:
 - If the landlord needs the premises for himself or herself, or a member of his or her immediate family. (To qualify the landlord must give the tenant at least sixty days notice.)
 - 2. The tenant has persistently failed to pay rent on the day it is due. (This cause applies even though the tenant may not be in arrears at the end of the term.)
 - The premises are public or subsidized housing and the tenant no longer qualifies to occupy such premises.
 - The tenant was provided the residential premises by an employer and the tenant's employment is ended.
 - The tenancy arose by virtue of an agreement to purchase a proposed condominium unit, and the agreement fell through.

- 6. A landlord needs the residential premises for demolition, conversion to use other than rental-residential premises, or repairs or renovations so extensive as to require a building permit and vacant possession of the premises. (s. 110 (3), s. 107)
- (3) Where the landlord has given a tenant notice of termination at the end of the term or rental period, the landlord may immediately apply to the county or district court for an eviction order to be effective on or after the termination date in the notice. The landlord and tenant also may agree in writing to termination on a specified day. The landlord can enforce the agreement by applying to the court for an eviction order. (s. 110)
- (4) In the event of demolition, conversion to use for a purpose other than rental-residential premises (e.g., a condominium), or to make repairs or renovations so extensive as to require a building permit and vacant possession of the premises, the landlord may give notice specifying a date at or after the end of a tenancy period, and not earlier than 120 days from the date notice is given. (s. 107 (1))
- (5) A tenant who gets such a notice has the following choices:
 - 1. The tenant may comply
 - 2. The tenant may decide to move out on an earlier date, and if so, the tenant must give the landlord at least ten days written notice prior to the time that he or she intends to vacate and pay up any arrears of rent to the date of termination (in the tenant's notice), taking into account any security deposit for rent which may be held by the landlord.
 - 3. The tenant may require the landlord to satisfy a judge that his or her claim is valid, and that he or she has obtained all necessary demolition permits or other authority. (s. 107 (2))
- (6) Where the notice relates to extensive repairs or renovations, the tenant may obtain the right of first refusal to occupy the premises as a tenant when the work is completed, by indicating to the landlord in writing that he or she wishes to have this right. To retain the right, the tenant must inform the landlord by registered mail of any change of address. The rent for the premises after the renovation or repairs must be at the lowest rent that would be charged to any other tenant for the same premises. (s. 107 (3))
- (7) Special provisions apply to the termination of a tenancy by a caretaker, janitor, manager, watchman, security guard or superintendent. Unless otherwise agreed, the tenancy ends on the day that person's employment is ended. The "caretaker" has one rent-free week from that date in which to vacate the premises. (s. 115)

- 17. The landlord has a right to apply to the county or district court for an order declaring a tenancy ended, for an eviction order (writ of possession), for the payment of arrears of rent or compensation, or to enforce a tenant's notice of termination or agreement to terminate, as well as the right to apply for an order tha have repairs done at a tenant's expense. (s. 113)
- 18. In addition to the right to apply for authorization for repairs, a tenant may apply to the court to end a tenancy or have the rent lowered if the landlord failed, in a significant way, to fulfill his or her obligations. The tenant may apply to the court for a return of a rent deposit and the related interest on that deposit. (ss. 96, 113)

COURT MATTERS

- 19.—(1) If a landlord, or a tenant, wishes to enforce his legal remedies, he may apply to the county or district court. The party against whom the application is made will be notified of the application, and given an opportunity to challenge it in writing, or by appearing before the clerk of the court, in person, or through a representative. If the application is not challenged, notice of the order will be sent to the person against whom application was made. (s. 113)
- (2) Landlords and tenants may now be represented before the judge by agents other than lawyers. Recent amendments to the Act are intended to encourage informality in these court hearings, by relaxing the strict rules of evidence. (s. 118)

EVICTIONS

20. A tenant may only be evicted by the sheriff and his officers, under the authority of a court order permitting eviction (a writ of possession). (s. 121 (1))

MOBILE HOME PARKS

- 21.—(1) All of the provisions of the Act also apply to landlords of mobile home parks and owners of mobile homes (not travel or tent trailers) renting these sites in the parks. (s. 81)
- (2) Tenants in these parks may sell, lease, or otherwise dispose of their mobile homes, even if the homes remain in the park. The landlord cannot unreasonably or arbitrarily withhold his consent to the new owners remaining in the park. The landlord is entitled only to charge reasonable expenses for giving his consent. Any dispute over landlord's consent may be referred to a county or district court judge. (s. 125 (1-5))
- (3) The landlord is not entitled to act as the tenant's agent in the sale, rental or other disposal of the tenant's mobile home, unless there is a written contract to that effect. (s. 125 (6))

- (4) Landlords are no longer permitted to charge entry and installation fees or removal and exit fees for mobile homes from the park, or for the granting of a tenancy, except to revocer reasonable expenses. (s. 126)
- (5) A landlord may not restrict the right of a tenant to purchase goods or services from a person of his or her choice. The landlord may, however, set reasonable standards for mobile home equipment. (s. 127)
- (6) Landlords are obliged to provide garbage disposal and snow removal and to maintain roads and services within the mobile home parks. (s. 128)

NOTICE OF RENT INCREASE

- 22.—(1) A landlord is now required to give a tenant ninety days' notice of a rent increase, setting out the amount of the increase. (s. 129(1))
- (2) Unless the tenant decides to move out and gives proper, written notice, the tenant is considered to have accepted the amount of rent increase allowed by law. (s. 129 (2))
- (3) During the life of the rent review legislation, the tenant does not surrender his right to challenge a rent increase by signing a new tenancy agreement, or by not responding to a landlord's notice of increase. (s. 129 (3))

TENANT'S SECURITY

- 23. It is an offence for a landlord to harass a tenant out of the premises, or to interfere with the supply of vital services, such as heat or electricity, while the tenant is in occupation. (s. 121 (4))
- 24.—(1) A judge will refuse a landlord an order permitting eviction if the court finds that the landlord.
 - (a) has not lived up to his or her fundamental obligations;
 - (b) wants to evict a tenant because he or she has complained to authorities about the landlord's violation of health, safety or housing laws;
 - (c) is retaliating against a tenant who sought to exercise his or her legal rights;
 - (d) wants to evict a tenant because he or she belongs to a tenants' association or is trying to organize one; or
 - (e) wants to evict a tenant because of the presence of children (except in cases of overcrowding or premises unsuitable for children). (s. 121(3))

(2) A group of tenants sharing a common problem with a landlord may, if a judge approves, jointly take that landlord to court. Conversely, a landlord may take a group of tenants to court, if a judge approves. (s. 119)

POSTING

- 25.—(1) Landlords of residential premises with more than one unit and common facilities, such as a lobby, and landlords of mobile home parks, are required to post a copy of Part IV of the *Landlord and Tenant Act*, or a copy of this summary, in a conspicuous place.
- (2) The legal name and address of the landlord, for service, also must be posted. Tenants may take landlords to court in the name that is posted. (s. 111)

PENALTIES

26. The Landlord and Tenant Act now provides for fines of up to \$2,000 for offences under the Act. Such offences include interference with vital services, failure to post a copy of Part IV and the legal name and address of the landlord, seizure of the tenants' property for non-payment of rent, and wrongful entry of the rented premises by the landlord. (s. 122)

THE LANDLORD AND TENANT ADVISORY BUREAU

27. The Act permits municipalities to set up landlord and tenant advisory bureaus to give advice and mediate disputes between landlords and tenants, and provide information on residential tenancy matters. It is, however, up to each municipality to set up such a bureau. Landlords or tenants with problems should consult their local municipal offices to determine whether one has been established in their area. (s. 124) R.R.O. 1980, Reg. 549, Sched.; O. Reg. 392/87, ss. 1-3.

Your Tenant's Legal ■ Obligations

- i. Tenants are obliged to pay their rent on the day set out in the verbal or written tenancy agreement.
- ii. Tenants must keep their own rental unit clean and defrost the fridge and clean the stove (unless the tenancy agreement makes this the responsibility of the landlord).
- iii. Tenants have to fix or pay for anything belonging to the landlord which is damaged by themselves or their guests.
- iv. Tenants may not change the entrance locks without agreement by the landlord.
- v. Tenants may not run an illegal business or perform illegal activities in the rental unit.
- vi. Tenants must not have people living with them who overcrowd the rental unit, according to municipal bylaws.
- vii. Tenants must abide by the landlord's rules of the building, unless the rules contravene the Landlord and Tenant Act.
- viii. Tenants must keep noise to a reasonable level and not interfere with the enjoyment or infringe on the rights of other tenants.
- ix. Tenants may not sub-let or assign without prior consent from the landlord, if consent is required by the tenancy agreement.
- x. Tenants must give a minimum of 60 days' notice before the last day of a monthly or longer tenancy. For a weekly tenancy, tenants must give at least 28 days' notice. Notice must be given in writing with a signature, date of signing, and date of termination. Notice may be delivered personally, or sent by mail three days in advance.

If your tenant violates these obligations you can try to recover damages in Small Claims Court or District Court, or you can go through the procedure of evicting them. For details, see the section on "Getting Them Out", later in this chapter.

4. Peace In The Home

A harmonious relationship with your tenants can make the difference between enjoying the time you spend being a landlord and hating the days you have to go over and deal with "Them". You may look on the rented premises strictly as a business, but to your tenants it's a home. Tenants who find their landlord pleasant and helpful will stay on longer, and may even return the favour by taking care of your property since you're being a nice guy. It takes extra time, energy, and even money to be a nice guy, but the rewards are worth it.

A) Communication

Good communication between you and your tenants will reduce the number and fierceness of disputes. Your tenants should feel that they can contact you at any reasonable hour and raise a question without fear of an irritable or defensive response from you. Quite often they are doing you a favour, by drawing your attention to maintenance problems that could become worse if left untreated.

Request that your tenants not call you during dinner or late at night unless it is an emergency. Invest in an answering machine so that they can always leave a message for you, knowing you will call them back within a few hours. Investigate the problem before commenting on it, and always let them know what you have done or are going to do about their complaint.

If you have plans to do minor renovations or if you intend to test the alarm system or hire a new superintendent, write a brief note informing your tenants. This keeps up good relations and makes them feel involved in the building and more willing to cooperate.

Building:	Date:	
Unit:	Time:	
Tenant:		
Problem:		
Action:		
Action:		
Action:		
Action: Total cost	\$ Own time	hrs

5) Complaints

Write down every complaint or work request that comes in, with the date and name of the relevant tenant. Then write down what work was done and the reaction of the tenant afterwards. This will be an invaluable record if there are disputes later about work which a tenant says was not done or not done satisfactorily. If you create and photocopy a set form for this purpose, you'll be more likely to keep accurate records.

C) Damages

Rather than resenting complaints, reacting gruffly and making repairs grudgingly, see the complaint as a warning device, an opportunity to fix a minor problem before it becomes a major one.

No matter how trivial the complaint may seem, you should hear it out and try to be of assistance. Your tenants' assessment of how efficient and helpful you are depends on how quickly you solve their problems.

Don't make promises or vague guarantees that cannot be fulfilled. If there is nothing you can do about an occasional clanking in the water pipes (short of opening up the entire plumbing system), don't say, "I'll see what I can do." Rather, explain politely why the problem cannot be solved, or why there will be a delay in solving it. In the event of complaints about a noisy tenant, keep a cool head and use a reasonable approach to solve the problem.

It is a good idea to keep an inspection sheet for each apartment. Go through the apartment with each new tenant, writing down any damage in each room. If there is a damaged bathroom door or barbecue-smoke marks covering the balcony ceiling, write it down. Landlord and tenant should both sign the list. Before a tenant vacates a unit, make an appointment to inspect the apartment again. The tenant becomes liable for any new damages not included in normal wear and tear. Most tenants will take better care of an apartment if they know damages will be noticed and they will be held responsible.

Property	Tenant name	Move-out date	-
TEM	CONDITION Move-out	COMMENTS/ACTION	
h	more and		7 (
lving room			
/alls			
oor			
arpeting/tile			
eiling findows			
Indows Inda/shades			1
Inderenaces			11 1
lectrical			
recurds			
rsherr]
Orning room			
Valls			1
Poor			1
Carpeting/tile			
Ceilina			1111
Vindows			11 1
Binds/shades			11
Doors			11
ectrical			11
Other			ן ן נ
Dadaman 4			
Bedroom 1			
Walls			
Floor			
Carpeting/tile			-
Ceiling			4
Windows			
Blinds/shades			1
Doors Electrical			1
Cther			1
Other			4
Bedroom 2			
Walls			
Floor			
Carpeting/tile			1
Ceiling			- 1
Windows			-
Blinds/shades			-
Doors			-
Electrical			1 1

APARTMENT INSPE	CTION REPORT page 2		
ITEM	CONDIT Move-in	TON Move-out	COMMENTS/ACTION
Bathreom Walls Floor Carpeting/ble Ceiling Windows Blinds/shades Doors Electrical Fittures Other			
Kitchen Walls Floor Carpering/6le Ceiling Wind ows Blinds/shadee Doors Electrical Sink Stove Refrigerator Other			
Other			
Comments			
Date:	(Move-in)		(Move-out)
Signed	(Tenant)	Signed	(Tenant)

Record	of L	ata	Day	man	10
Record	OI L	are	rav	men	IS

Unit	Tenant's Name	Phone #	Rent \$	Other Charges \$	Due Date		Notices	Sent	Dates of Visits/Letters	Payment Received Date	Date Eviction
			-	Charges \$	Date	1	2	3	VISILS/Letters	neceived Date	riocess begui
						-					

D) Late Payment of Rent

If a tenant does not pay rent on the day it is due, deliver a reminder the next day or day after. Do not be rude or accusatory as this will antagonize the tenant who may have simply forgotten; remind the tenant that you have mortgage payments and other expenses due, and ask courteously that the rent be paid promptly. However, you do have the right to deliver a notice of termination rather than a reminder. See the section below on "Reasons for Giving Notice." Keep records of late payments as this may become a pattern; you will need documentation to give notice at the end of the rental period on the basis of persistent late payment.

Sam	ple Lease Renewal Agreement
Landlord's Name Address Telephone Property Address/Unit Resident Lease Expiry Date	
order to make your lease renew this form. The lease is hereby extended f	s a tenant. Your current lease expires on
I have read this lease renew made to my lease:	val agreement and understand the changes that are being
Date	Signature of lessee(s)
Date	Signature of landlord

5. Getting Them Cur.

Tenancies for a fixed period of time, such as a year or two years, as defined by the lease, do not simply "run out", requiring the tenant to move out at the end of the term. If such an agreement comes to an end without the landlord or tenant having entered into a new agreement, the Landlord and Tenant Act states that the agreement is automatically renewed as a month-to-month tenancy which continues indefinitely or until both parties agree to another term. A landlord and tenant wishing to cancel this on-going arrangement on a specific date may mutually agree in writing, in which case there is no need for notice. If you both wish to renew the lease, a simple renewal agreement can be signed. Termination of a tenancy can occur at any time by mutual consent, whether or not there is a lease.

This is the best-case scenario. More often, either the landlord or tenant wishes to end their relationship without the other particularly wanting to do so. In such a case, notice must be given. Earlier in this chapter, it was explained how the tenant should go about giving notice. This section is about ways that the landlord can get a tenant out of the rental unit.

Below are the only reasons a landlord is allowed to serve notice **before** the end of the tenancy period. If there is no lease, or the lease has expired, the tenancy period is assumed to be the period covered by a normal rental payment. If the tenant usually pays rent once a month, the rental period is a month. It is important to note that a notice of termination must be technically correct, as any error may make the notice invalid.

i. Failure to Pay Rent

When a tenant fails to pay the rent that is due.

You can give a tenant 7 days notice in the case of a weekly tenancy, or 20 days in the case of any other tenancy. The notice becomes ineffective if the tenant pays the rent within a further 7 days from receipt of the notice in the case of a weekly tenancy, or 14 days in the case of any other tenancy. If the tenant still has not paid the rent after that additional period, you can apply to the district court for an eviction order. However, if the tenant pays the rent at any time until the judge makes a decision, the notice becomes ineffective.

ii. Undue Damage

When a tenant or the tenant's guest causes undue damage to the premises, wilfully or negligently.

iii. Disturbing Others

When a tenant or the tenant's guest substantially interferes with the reasonable enjoyment of the premises by the landlord or the other tenants.

iv. Impairing Privileges of Others

When a tenant or the tenant's guest seriously impairs the safety or other lawful right, privilege or interest of other tenants on the premises.

v. Overcrowding

When the number of occupants of the unit on a regular basis exceeds that which is permitted by health, safety or housing standards.

If any of these latter four reasons is given, you must give at least 20 days' notice. You must also inform the tenant that he has 7 days to correct the situation. If, within the 7 days, the tenant complies or satisfies you that the situation will be corrected, the notice is ineffective. If the tenant does not rectify the situation within the 7 days, you may apply to the court, after the 7 days have expired, for an order to evict the tenant.

If there is a **second** breach of these obligations by the tenant within a six-month period, the landlord need give only 14 days' notice and may **immediately** apply to the court for an order permitting the tenant's eviction.

vi. Illegal Acts

A landlord can also terminate a lease before the end of the tenancy period if a tenant performs or commits an illegal act or carries on an illegal business on the premises. In this case you must give notice specified to be effective not less than 20 days after the date the notice is given. You may apply immediately to the court for an eviction order.

Each reason for ending a tenancy before the end of the rental period also applies to terminating at the end of a rental period. Below are the additional reasons a landlord is allowed to serve notice at the end of the tenancy period:

i. Rental Unit Required for Family Use

You may give your tenants 60 days' notice if you need the unit for yourself or your immediate family (your spouse, parents, or children, or your spouse's parents or children: this does not mean your second cousin once removed).

ii. Termination of an Employment or Sale Agreement

If the tenancy was linked to your tenant's employment and the employment has ended, or if the tenancy was linked to an agreement to purchase and the agreement has ended, you may give your tenant 60 days' notice. However, if the tenant was employed as a superintendent, janitor, security guard, property manager or in a similar position connected with the property, the tenancy ends automatically with the employment and no formal notice is required. The tenant has one week to vacate the apartment after the employment has ended, and cannot be charged rent during this week.

iii. Persistent Late Rent

If your tenant has persistently not paid the rent on the day that it was due, you may give the tenant 60 days' notice at the end of a lease term. You will need to keep records documenting this problem.

iv. Demolition, Conversion, Renovation or Repair

You can give your tenants notice because you are demolishing the apartment or converting it to different use, or doing extensive repairs or renovations requiring a building permit and vacant premises. You must first have obtained approval from your local municipality under the Rental Housing Protection Act (see Chapter 6 on "Renovation"). Once you have received your Certificate of Approval you must give your tenants at least 120 days' notice, and the end of the tenancy agreement (if you have a lease) must have arrived or passed during the notice period. A copy of the Certificate of Approval must be attached to the notice document.

TO THE LOCAL TRANSPORTER

The tenant can give 10 days' notice that he or she intends to leave during those 120 days.

The tenant can have the first right of refusal to rent the premises again after the renovations, at a rent which must be legal under the Residential Rent Regulation Act. The tenant must indicate in writing that he wishes to have this right, and keep the landlord informed by registered mail of any interim change of address.

- The notice must be in writing and it must be dated and signed by you or your agent; it must identify the premises and state the date of termination; and it must state the reason for termination. You must advise the tenant that, if he intends to dispute your claim to possession, he need not vacate the premises, but you may regain possession by applying for an order permitting eviction from the clerk or the judge of the district court, and that the tenant is entitled to dispute your claim.
- You must try to deliver the notice personally to the tenant, but if
 the tenant is out or evading you, the notice may be handed to an
 apparently adult person on the tenant's premises, or posted in a
 conspicuous place in the premises (like the front door), or sent by
 registered mail (with three days allowed for delivery). If notice is
 delivered even one day short of the 20, 60 or 120 days required
 before the termination date, it is ineffective and must be repeated.

You have the right to apply to the district court for an eviction order (writ of possession). This is the procedure to be followed:

- Your local Rent Review Office, the Landlord Self Help Centre or legal stationery firms will have copies of forms 7, 8 and 9, applying for a writ of possession. The forms are straightforward and brief.
- Fill them out, then take them to the district court. Your local municipality will give you the address.
- The clerk of the district court fills in the date of the court case and keeps one copy. You are given a copy for your own records and a second to pass on to your tenant. The tenant must receive a copy, and has an opportunity to challenge the application in writing, or by appearing before the clerk of the court in person or through a representative.
- It is not necessary for a lawyer to accompany you to court, although it is a good idea to get legal advice in advance. You can even send a representative in your place. The court proceedings are rather informal and the judge usually decides on the case at the conclusion of the hearing. If the tenant or a representative does not show up at the court, a writ of possession is granted automatically and notice of the order is sent to the tenant.
- You take the writ of possession to the sheriff. It is effective immediately.

B) How to Serve Notice

(I) Evictions

- The sheriff and the sheriff's officers are the only agents empowered to remove the tenant from the apartment.
- If some of the tenant's possessions are left behind, you have to store them for a "reasonable" period of time. The time period is not defined.
- It is useful to have a locksmith at the premises to change the locks at the same time.

The Cost

Evicting a tenant is not inexpensive. There are court charges of about \$20 to file your case and about \$50 for each witness who is subpoenaed. If you win your case, the writ of possession will cost you about \$75 and you have to pay for the sheriff's gas costs for going to evict your tenant, which sometimes takes more than one trip. If you want to change the locks, you will also have to pay for a locksmith. If you consulted or used a lawyer, there will be legal bills. You can claim legal costs, as well as rent arrears and damages, from the tenant.

To Speed Up The Process

In some circumstances, if you have given a tenant notice to terminate at the end of the term, but anticipate trouble in actually getting the tenant to leave, you may **immediately** apply to the district court for an eviction order to be effective on or after the termination date in the notice.

If a tenant moves out of an apartment suddenly, or "skips", you obviously have no problems with eviction, but you may be left with an empty apartment in the middle of the month, and unpaid rent. You can sue the tenant for damages, but you are obliged to minimize your damage claim by trying to rent the apartment as quickly as possible, even if you have other vacant units in your building.

Penalties

The Landlord and Tenant Act provides for fines of up to \$2,000 for offences against the Act. Such offences include interference with vital services, failure to post a copy of Part IV of the Act and the legal name and address of the landlord in a conspicuous place, seizure of the tenant's property for non-payment of rent, and wrongful entry of the rented premises by the landlord.

D) Burn Approximation
Absorbanies



The Landlord and Tenant Act and A Guide to the Landlord and Tenant Act are available from your local Rent Review office. The numbers of the 21 local offices are listed in Chapter 4. If you are calling long-distance, ask the operator for Zenith 9-6000 (toll-free).

"How-to" Guide for Landlords on Eviction Procedures in Ontario, published by the Landlord's Self Help Centre, can be purchased from:

Landlord's Self Help Centre 110 Atlantic Avenue Toronto, Ontario M6K 1X9 (416) 532-4467

The Landlord's Self Help Centre is funded by the Ontario Legal Aid Plan and is a source of information and guidance for landlords.

Local landlords' associations are listed in Chapter 4.

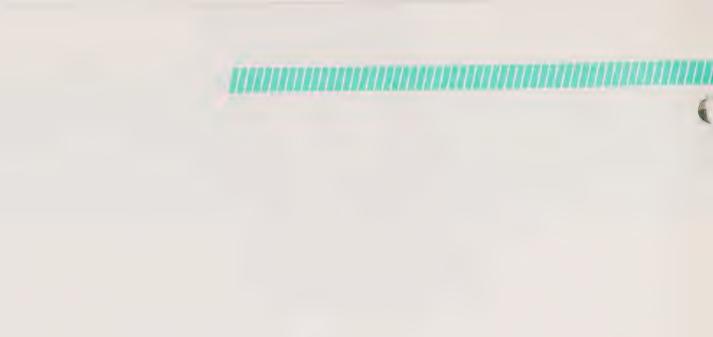
Conclusion

he would-be landlord's dream of sitting back, retiring on a steady income of rent cheques, and watching your invest ment appreciate has probably dissipated as the pages of this guide were turned.

Instead, there are probably dancing images of cash-flow charts, lists of trusted tradespeople, one-year lease forms, and notices of a rent increase.

The first was a fantasy, the second is the reality of being a landlord. Armed with practical knowledge about what is required, what is advisable and what is a major mistake, you are better equipped to turn the fantasy into the reality.

And then, at times when those cheques are coming in regularly, and the building is humming along healthily, and the tenants are cheerful and content, go ahead and pinch yourself and say, "This isn't a dream. I'm a successful landlord!"







Acknowledgements:

Successful landlords must know enough about the fields of law, accounting, real estate, building maintenance, etc. to keep themselves out of trouble.

The successful writer knows that he'll never know enough to keep out of trouble. For direction, guidance and filling in the blanks, the authors (Renewable Energy in Canada Ltd.) would like to acknowledge the assistance of many individuals who shared their expertise and knowledge of property management and related fields. They are responsible for all of the useful information in the manual. Responsibility for errors, omissions and misinterpretations rests with the authors.

Carol Albert, Gardiner, Roberts, Barristers and Solicitors Rob Herman, Fair Rental Policy Organization of Ontario Herb Lavine, Park Property Management Inc. Peter Libman, Landlord's Self-Help Centre Bill Morris, Federation of Metro Tenants Wayne Patterson, S.W. Patterson Business Services Inc. Glen Sifton, Sifton Property Management Simon Vieyra, Real Estate Institute of Canada David Brodati, Housing Conservation Unit, Ministry of Housing Gil Burton, Residential Rental Standards Board, Ministry of Housing Sue Corke, Housing Conservation Unit, Ministry of Housing Robert Dowler, Housing Conservation Unit, Ministry of Housing Sarah Jones, Communications Branch, Ministry of Housing Sharon Kennedy, Rent Review Services, Ministry of Housing Michael McBain, Housing Conservation Unit, Ministry of Housing David Tovey, Housing Conservation Unit, Ministry of Housing David Watson, Buildings Branch, Ministry of Housing Marcus Wiseman, Housing Conservation Unit, Ministry of Housing Gary Wrathall, Rent Review Services, Ministry of Housing

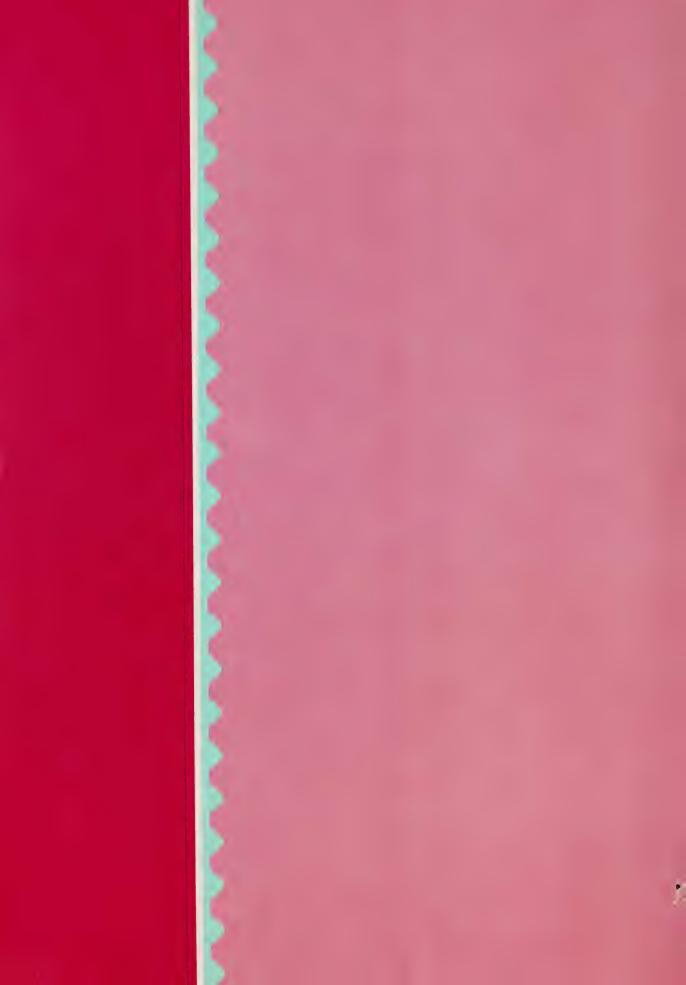
This Manual contains material adapted from:

Property Management Reinvented, by Mel Shear, published by Prentice Hall;

Managing Single-Family Homes, by Barbara Kamanitz Holland, published by the Institute of Real Estate Management;

Principles of Property Management, published by the Real Estate Institute of Canada;

and several Ministry of Housing publications.



Projected expenditures for next 6 months

4

OPERATING EXPENSES		Month			
(REFLECTED IN THE INCOME & EXPENSE STATEMENT)	1		9	9	Total
Mortgage Interest					
Loan Interest					
Utilities					
Superintendent's or Property Manager's Fees					
Maintenance Services (eg. Cleaning, Snow Removal)					
Minor Repairs and Maintenance					
Property Taxes					
Insurance					
Accounting Fees					
Interest or Rent Deposits					
Advertising					
Bank Interest and Charges					
Miscellaneous					
Total Operating Expenses					
CAPITAL EXPENDITURES (REFLECTED IN THE BALANCE SHEET)					
Major Renovations and Purchase of Equipment					
Mortgage Principal					
Loan Principal					
Total Capital Expenditures					

Man March מפעבנ פניסוסאי The state of the s

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Street managements

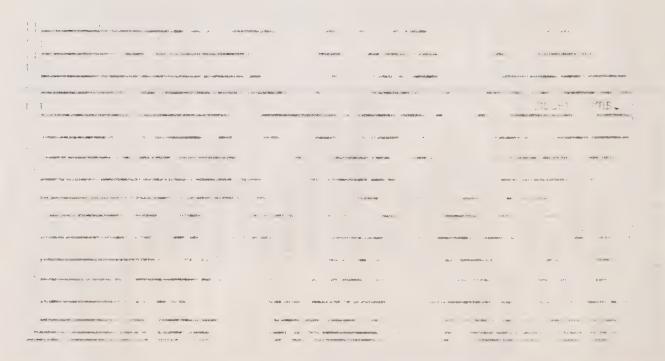
Arrive to get

PROJECTE	D BALANC	ESHEET
8	at December 31, 19XX	
ASSETS CURRENT ASSETS Cash Rent receivable Prepaid expenses (e.g. insurance) FIXED ASSETS Land Buildings LESS Accumulated Depreciation Equipment LESS Accumulated Depreciation	1 2 3 = 1+2+3 = 5 6 7 8 9 (5+6+8) - (7+9) =	10 4+10 =
LIABILITIES CURRENT LIABILITIES Accounts payable Accrued expenses Rent deposits Mortgage principal due in next 12 months	11	
LONG-TERM LIABILITIES Mortgage payable TOTAL LIABILITIES OWNER'S EQUITY Capital	11+12+13+14 =: 15+16 =:	15
TOTAL LIABILITIES AND EQUITY		17+18 = 19

PROJECTED INCOME AND Year ended December	
real entreu Decembe	SJ _F JJAA
RENTAL INCOME	
THE TOWNE	
OPERATING EXPENSES:	
Mortgage interest	
Property tax:	
Maintenance	
Repairs	
Insurance	
Utilities	
Miscellaneous expenses	
Depreciation	
Total operating expenses	
,	
NET INCOME	

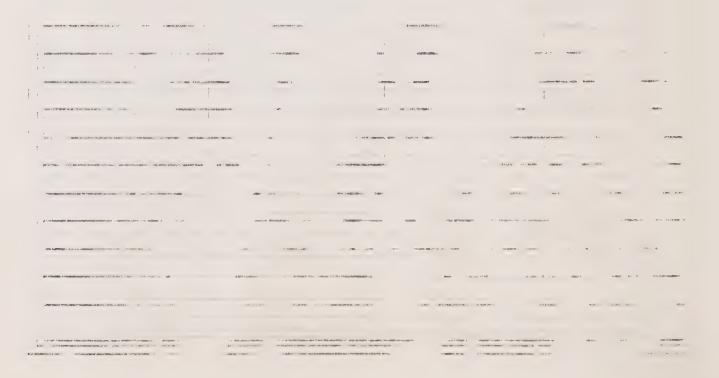
Projected Cash Flow (3 months)

				Months	hs	a de constante de		
PROJECTED CASH FLOW CHART				2	3		Year-to-date total	ate total
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
RECEIPTS: Rent received								
Contributed capital								
Loans								
Miscellaneous								
Total receipts (A)								
DISBURSEMENTS: Major Renovations								
Purchasa of Equipment								
Mortgage payments								
Loan repayments								
Unities								
Super J Property Manager's Fees								
Maintenance Services								
Minor Repairs and Maintenance								
Property taxes								
hsuranos								
Accounting Fees		,						
Interest on Rent Deposits								
Advertising								
Bank Interest and Charges								
Mscellaneous								
Total Disbursements (B)								
Opening cash balance								
Plus total receipts (A)								
Less total disbursements (B)								
Closing cash balance								



Rental Unit Record

Property/Unit:											
Tenant Information											
Tenant's Name											
Telephone (H)	(W)										
Next-of-kin Name		Telephone									
Address											
		Telephone									
Address											
		Telephone									
	Account #										
	Account #										
Car (make & model)	Licence Plate #										
Unit Information											
No. Bedrooms	Furn/Unfurn	Appliances	•								
Maintenance Report		•									
Unit painted											
Fridge serviced											
Stove serviced											
Carpet cleaned											
Damage report											
Complaints report											



Property	//Unit:										(page 2
Rental Re	cords										
Period	Ye	ar 1	Year 2	Year 3	Year 4	Year 5	Year	6	Year	7	Year 8
Rent											
	% increase										
\$ increase											
Rent payme	ents		Move-in da	te	Move-ou	it date					
Rent po			Move-in da	teOther ch				Che	eque/		Balance
						it date Paymi Receive	ent	- Che Re	eque/ f. #		Balance due (\$)
Rent po	eriod		Rent	Other ch	narges	Paymo	ent	- Che Re	eque/ f. #		
Rent po	eriod		Rent	Other ch	narges	Paymo	ent	- Che Re	eque/ f. #		
Rent po	eriod		Rent	Other ch	narges	Paymo	ent	- Che Re	que/ f. #		
Rent po	eriod		Rent	Other ch	narges	Paymo	ent	- Che Re	rque/ f. #		
Rent po	eriod		Rent	Other ch	narges	Paymo	ent	- Che Re	que/ f. #		
Rent po	eriod		Rent	Other ch	narges	Paymo	ent	- Che	rque/ f. #		



Statement of Personal Net Worth

ASSETS	DEBTS	\$
Rental property	Mortgages	
Home	Bank loan	
Vacation home	Credit card debt	
Automobiles	Other loans	
Art, antiques, jewellry		
Furniture		
Cash & Bank accounts	Total debts	
Canada Savings Bonds		
Life insurance cash value		
Stocks & Bonds		
RRSP		
Money owed to you		
	Total assets	
	Less total debts	
Total assets	Personal net worth	

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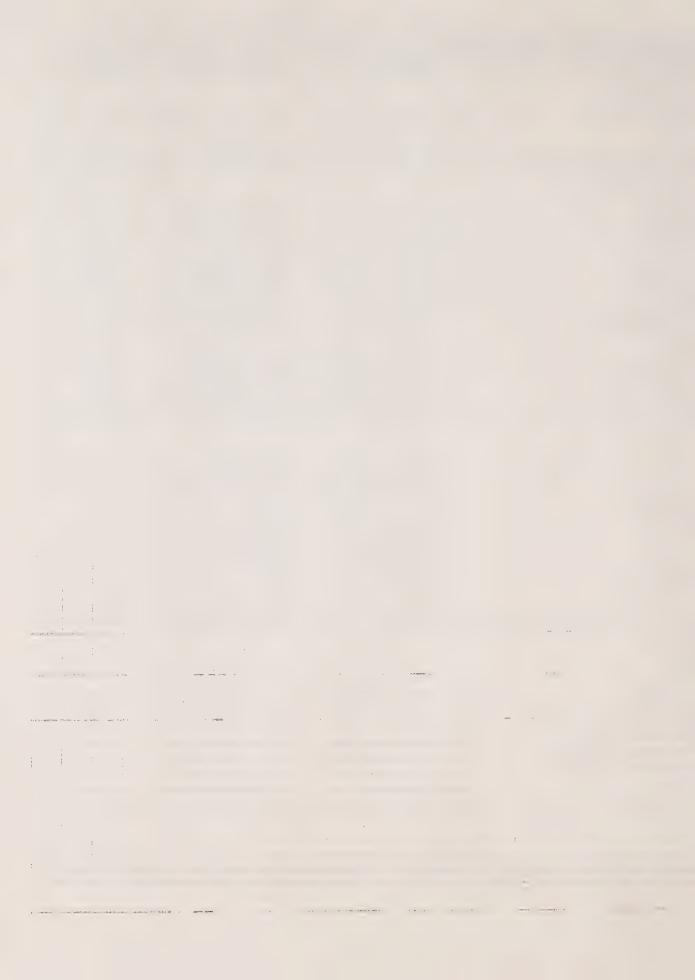
FEASIBILITY STUDY: CASH FLOW AND TAX BENEFITS OF RESIDENTIAL RENTAL PROPERTY

	DEPRECIATION Est economic Me Baking Others Others Others This user? Vec
	SUMMARY OF CASH AND TAX BENEFITS OF OWNERSHIP to the trace (I)
	PUNCHASE PINCE I dial purchase price Land abocation Bading abocation Cath equal Arrange Arrange Cath equal Arrange Arrange Cath equal Britchase of the property Thirdy Arrange Arrange (Adductible from other basable fromts) (1) Cath bounds alone based as and 3 (may be + or -) B. The payable (1) Cath bounds alone tases (n) Cath payable (1) Cath bounds alone tases (n) Cath cath and amortization bounds after tases (1)
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	mcome Taxable
	Total Depreciation
	Cash e.
	agagroM isanani
	Principage Squarrage
Property	Net Operating — emoort
Pro	Jest - o o o o o o o o

Property	DING INSPECTION	Date	
ITEM	COMMENTS	ACTION NEEDED	DONE
Halls & stairwells			
Exit door glass clean Fire cabinets clean Garbage rooms clean Electric covers attached Light covers unbroken Door closers working Carpet/floors/baseboards clean Stair railings clean All lights working Other			
Laundry room Clean Other			
Lobby & entry			
Clean Other			
Superintendent's workroom Tidy			
Supplies easily accessible Other			
Storeroom Storeroom			
Other			
Other Storeroom Clean and tidy Supplies available Supplies accessible			
Other Storeroom Clean and tidy Supplies available Supplies accessible Other Furnace/Boiler room No leaks Circulating pumps cool/oiled			
Other Storeroom Clean and tidy Supplies available Supplies accessible Other Furnace/Boiler room No leaks Circulating pumps cool/oiled Boiler pressure PRV & low water cutoff			
Other Storeroom Clean and tidy Supplies available Supplies accessible Other Furnace/Boiler room No leaks Circulating pumps cool/oiled Boiler pressure PRV & low water cutoff Blow down valve Thermostat			
Other Storeroom Clean and tidy Supplies available Supplies accessible Other Furnace/Boiler room No leaks Circulating pumps cool/oiled Boiler pressure PRV & low water cutoff Blow down valve			



BUILDING INSPECTION REPORT			
ITEM	COMMENTS	ACTION NEEDED	DONE
Electrical room			
Batteries functional			
Clean			
Other			
Building exterior			
Overall			
Painting			
Siding			
Trim			
Foundations			
Caulking			
Roof			
Roof flashing vents			
Gutters/downspouts			
Doors			
Windows			
Steps/railings			
Other			
Grounds			
Overall			
Grass			
Landscaping			
Walkway			
Driveway			
Parking			
Fencing			
Security			
Outdoor lighting Other			
Other			-
Garage			
T.d.			
Tidy			
Lighting Ramp grate			
Overhead and exit doors			
No leaks at risers			
No combustible materials		-	
No dampness on walls			
Other			
04101			
Notes			



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	۵																
	0																
	S																
	< ¬					_											
-	7																
	2																
	× ×																
-	ш.																
	7																
ISHER	SERIAL No.																
FXTINGLIISHER	SIZE	10.9	10 g	10 g	10.9	510	qş	10 g									
	TYPE	Water	Water	Waler	Water	ABC	Сафоп	Water									
	LOCATION EXTINGUISHER / HOSE CABINET	2nd Floor - Front	Ist Floor - Front	2nd Floor - Rear	1st Floor - Rear	Laundry Room	Storeroom	West Basement									



ANNUAL INSPECTION OF STANDPIPE SYSTEM

	INSPECTED BY										
Ш	PECTED										
WATER VALVE	DATE INSPECTED MONTH YEAR										
WAT	VALVE										
	DATE RE-RACKED										
	CONDITION										
	AGE										
NET	NO22LE TYPE										
CABINET	HOSE										
	LOCATION										



MONTHLY FIRE SAFETY MAINTENANCE DUTIES

		SIGNATURE										
Juli												
200	ALARM	TES										
	YSTEM	LAMPS										
	CY LIGHTING	UNITS										
	EMERGENCY	BATTERIES										
	Sinc noons	-										
	i,	DATE										



ANNUAL FIRE SAFETY MAINTENANCE

	DATE	SIGNATURE
INSPECT FIRE DAMPERS / FIRE STOP FLAPS ON INCINERATOR		
INSPECT CHIMNEYS / FLUES / FLUE PIPES ON INCINERATOR		
INSPECT DISCONNECT SWITCHES / VENTILATION SYSTEM / AIR CONDITIONING		
CLEAN CHIMNEY SPARK ARRESTORS		
FIRE ALARM DRILL		
CONDUCT VERIFICATION TEST FIRE ALARM SYSTEM		
INSPECT STANDPIPE HOSE VALVES		



					 _	_					
YEAR: 19	SIGNATURE										
7	TRB. SIG.										
	ваттеву										
	results										
FIRE ALARM INSPECTION LOG	ANNUNCIATOR READINGS										
RM INSP	results										
FIRE ALA	AUDIBLE SIGNAL APPLIANCE LOCATION										
	results										
	PULL STATION LOCATION										
	DATE										



FIRE ALARM MAINTENANCE LOG

SIGNATURE										
SERVICE NOTES										
DEFECTS										
DATE										



				The state of the s
	Сотрапу	Contact	Telephone & Address	Notes
Appliance Service				
Building Hardware				
Boiler Service				
Burner Service				
Brickwork				
Cable TV				
Carpet Cleaning				
Carpet Repairs				
Carpet Sales				

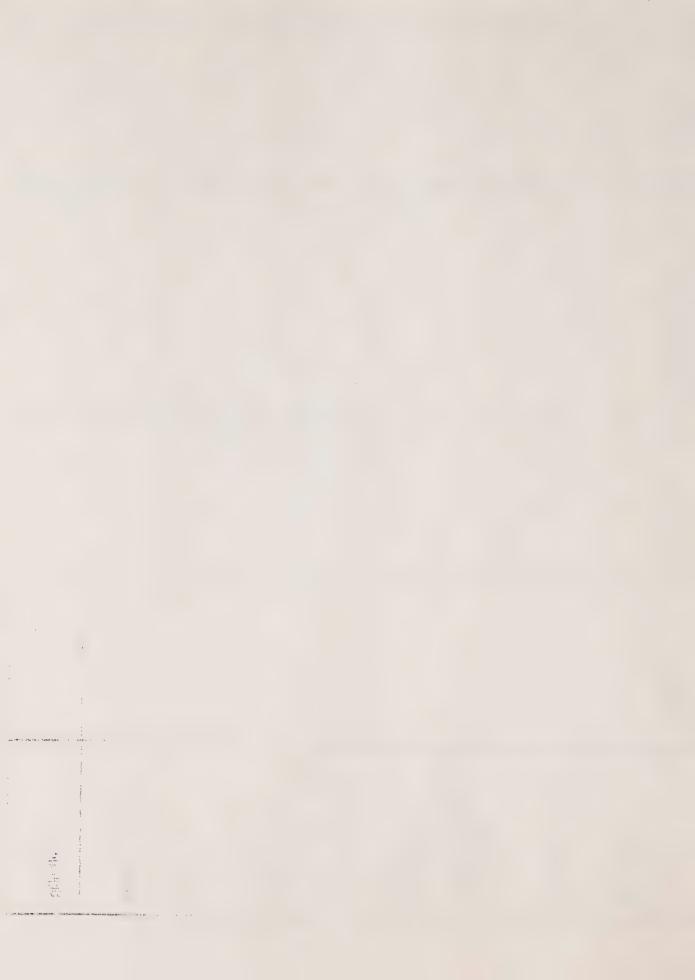


Carpenter Compactor Service	Nan v			
Service		Comaci	Telephone & Address	Notes
:				
Caulking				
Chiller Service				
Cleaning Supplies				
Cooling Tower Service				
Communication System				
D.H.W. Tank Service				
Doors				

				Source book page 3
	Company	Contact	Telephone & Address	Notes
Draperies & Blinds				
Electrician				
Extinguisher Service				
Fan Coil Unit Service				
Filter Supplies				
Fire Protection				
Floor Service				
Furnace & Fan Service				
Garbage Bin Service & Rental				



	Сотрапу	Contact	Telephone & Address	Notes
Garbage Bags				
Gardening Contractor				
Groundskeeping Supplies & Service				
Housekeeping Contractor				
Housekeeping Supplies				
Intercom System				
Light Bulbs & Fixtures				
Lighting (Emergency)				
Locksmith				



Painter & Paper-	Company			
& Paper-	Combain)	Contact	Telephone & Address	Notes
Paving				
Pest Control Service				
Plasterer				
Plumber				
Motor Service (Pumps & Fans)				
Pump Service				
Roofer				
Signage				

AND FREE PROPERTY. grant to the state of the state

				Source Dook page o
	Сотралу	Contact	Telephone & Address	Notes
Security Guard Contractor				
Security System Service				
Snow Removal				
Swimming Pool Service				
Tile Setters				
Wall & Ceiling Services				
Waste Disposal				
Window Cleaning				
Window Repairs				

The American Section Confidence Confide

Rental Application Form The undersigned hereby makes application to rent the property located at unit number ____, beginning on _____, 19__, for a period of _____, at a monthly rental of \$ Name of applicant: Phone (Home): Phone (Work): Names of other people who will be living in the unit: __ Name and phone number of current landlord: How long have you lived there? Name and phone number of previous landlord: How long did you live there? Name and phone number of employer: Position: How long have you worked there? Monthly salary: Other sources of income: Name and phone number of previous employer: How long did you work there? Name and number of bank or bank manager: Bank Account number: Make, year and licence number of your car: Driver's licence number: Name and number of three personal references (not family members): Name and number of a person who can be contacted in case of an emergency: Have you ever filed for bankruptcy? Yes No Have you ever been evicted? Yes No Have you ever refused to pay rent when due? Yes . No . (If the answer to any of the above 3 questions is "yes", please give date and explanation): I am enclosing a deposit of \$ _____ and accept that this deposit will be returned to me within three business days if my application is rejected. I accept that if my application is accepted but I do not sign a lease for a rental beginning on the date mentioned above, part or all of my deposit may be forfeited to cover the expenses involved in checking my references and finding another tenant. The above information, to the best of my knowledge, is true and correct: _____ Signature: ____

Brummer

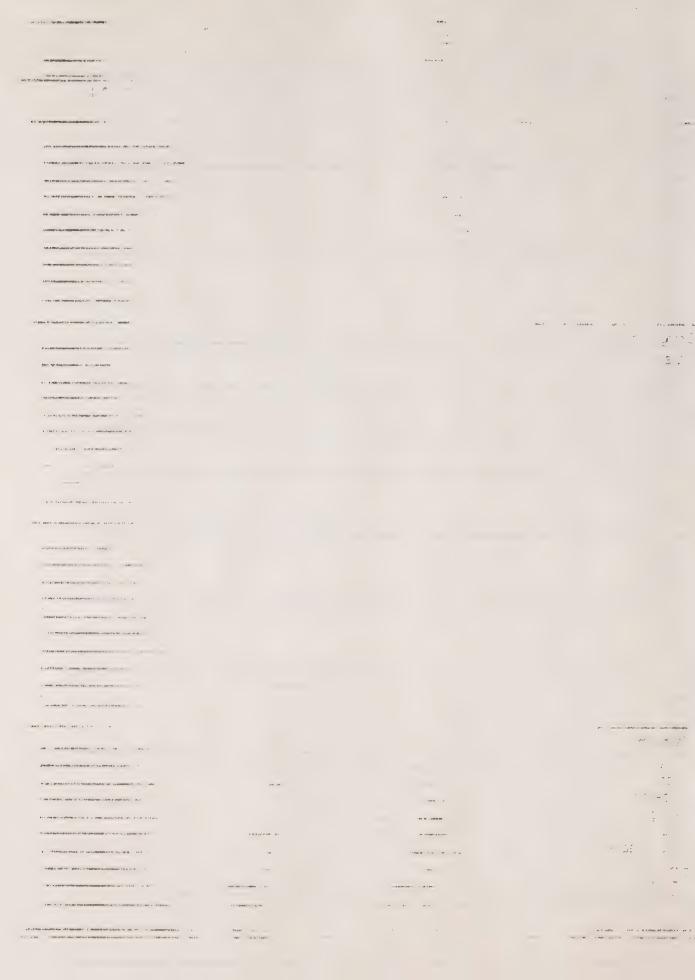
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Repair Shee	et	-			
Building:			Date:		
Unit:			Time:		
Tenant:			•		
Problem:					
Action:					
Total cost	\$	01	wn time	hrs	
Contractor's time	ľ	nrs N	laterials	\$	
Called tenant to co Tenants's reaction	nfirm problem solved (n/comment	date)			

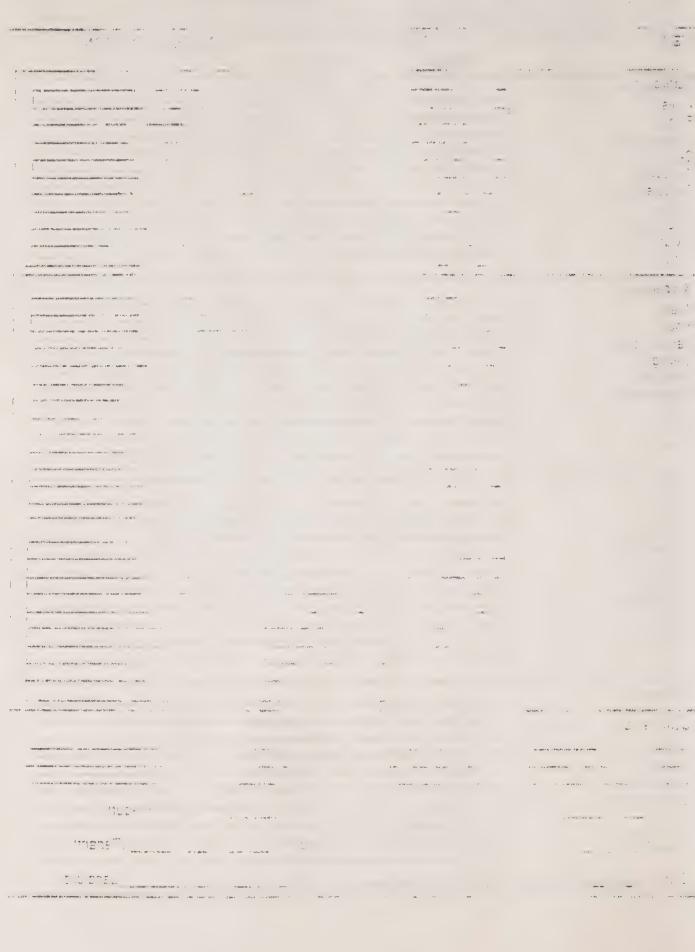
235 magning median demonstrating and demonstrating and an arrangement of the companies and a second seco

Record of Late Payments

Date Eviction	Process Begun										
Payment	Received Date										
Dates of	Visits/Letters Received Date										
Votices	2										
Dates Notices Sent	_										
Due											
Other	Charges \$										
Rent											
Phone #											
Tenant's Name											
Unit											



Property	Property	APARTMENT INSPECTI	ON REPORT Move-in: date
CONDITION COMMENTS/ACTION	Unit is the second	Tenant name	Move-out date
Walls Floor Garpeting/file Garpe	ITEM	CONDITION Move-in Move-ou	COMMENTS/ACTION
Floor	-		
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Electrical Other			
Dining room			
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Carpeting/tile Ceiling Windows Blinds/shades Doors Electrical			
Ceiling Windows Blinds/shades Doors Electrical			
Windows Blinds/shades Doors Electrical			
Blinds/shades Doors Electrical	Windows		
Electrical			
Other			
	Other		



ITEM	CONDIT Move-in	10N Move-out	COMMENTS/ACTION
Bathroom Walls Floor Carpeting/tile Ceiling Windows Blinds/shades Doors Electrical Fixtures Other			
Kitchen Walls Floor Carpeting/tile Ceiling Windows Blinds/shades Doors Electrical Sink Stove Refrigerator Other Other			
Comments			
Date:		Date:	(Move-out)
Signed	(Tenant)	Signed	(Tenant)
Signed	(Landlord)	Signed	(Landlord)

APARTMENT INSPECTION REPORT page 2

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	Mr. 1989	
	Date:	
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B. Purchase of Copages

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